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THE BACKGROUND OF THE PRESENT WAR IN KOREA

By an American Correspondent

Life in Korea is most difficult; food and fuel always short, and folks are always just a few jumps ahead of starvation and freezing to death, in the winter months. It is a rough country, and a rough life; the mountains are of somber granite, mostly without trees, dull and foreboding. In traveling by airplane one gets the impression it is a cold, dull, hard, miserable and frightening land, and it certainly is all of that and more too. Yet, most foreigners like the nation and the people in it in spite of all the miseries incident to mere everyday existence and living.

The Koreans are basically a Tartar race, of the same type as exist today in North Turkey, in Southern Russia, and in Turkestan in Southwest Asia north of India. They are a hard, fierce, and cruel people, and one must be frank in saying that they possess a ferociousness and wildness a Westerner finds difficult to imagine.

Missionaries who have lived long in Korea told this writer they felt the Koreans had an arrested mental development which came from centuries of close inbreeding and intermarriage, plus a voluntary shutting off of themselves in a Hermit Kingdom for many centuries. Yet, with all that, one finds them outwardly charming and gracious, but often sullen and arrogant. They are not good mechanics or artisans; they have a national habit of letting things fall to pieces without maintenance; they never repair buildings or articles to any extent; things just keep on falling apart and deteriorating. Nothing mechanical ever works good in Korea. They wreck modern machinery when left to their own devices; they need constant strict supervision to keep up to a modern way of life. The only decent attributes of the modern world were placed in Korea by the Japanese, such as railways, bridges, electricity, water systems, solid buildings, schools and many other things which go to make up an up-to-date nation. The great mistake the Japanese made was to treat the Koreans as being an inferior people,

and to subject them to extreme cruelties and oppressions, and to never give them a chance to learn anything or to exhibit their true worth, if they ever had any such worth.

Before, the Japanese came in 1905, the Koreans lived under an absolute monarchy of their own, which was built on corruption, tyranny, and in addition, deliberately kept the Koreans out of contact with the outside world. Thus, the Koreans never had the actual experience of decent government or fair play, and never tasted the sanctity of the protection of life, liberty and property.

Therefore, when the Japanese surrendered, and the Americans came into the country of Korea, or Chosen, as the Japanese called it, the Koreans burst into wild scenes of rejoicing and mouthed fantastic conceptions of this new word "democracy" which the Americans brought with them. Korea was to be a free nation again; every Korean was delirious with joy, and every Korean wanted to be President.

That was the trouble with the whole nation, it was full of self-appointed rulers, presidents, governors, self-seeking adventurers and gangsters, who treated each other with acts of cruelty beyond comprehension, all based on wild fantastic conceptions of political freedom and methods of advancement. Americans were astounded to observe how seriously the Koreans took their politics. Various political factions, right, left, middle, and everything, indulged in orgies of assassinations, beatings, raids, gang fights, torture, private jails, cutting off of heads, feet and arms, and similar things which were horrifying to U.S. authorities and all Europeans. Into this hotbed of scoundrels, wildmen, semi-barbarians, fighting, quickshooting, hard-drinking, scheming, wily group of human beings, the trusting, starry-eyed, naive Americans pushed their way into Korea as the Liberators of that ancient race which boasted of its 4,000 years of culture, the Ameri-

cans carrying the flags of democracy and self-determination, saying there shall be no more tyranny, and that every man is as good as another. The Americans forgot, or they were not aware, that slavery had been in existence in Korea up to as late as 1910. The Japanese found it there, but they did not abolish it; they merely refused to recognize it, and substituted in its place, the Japanese method of serfdom and feudalism.

The Americans on occupying Korea found there a Japanese installed well-run, well organized, orderly system of government, with voluminous records and statistical information which were a credit to any modern nation. Law and order prevailed down to the lowest hamlet, even though it was law and order imposed by Japanese whips and clubs. However, the Koreans were seething with long suppressed revolt and resentment. With the entrance of the American military forces as Liberators, all Korean restraint burst its bonds, and the Korean people flowed out to the streets and open places in wild frantic demonstrations of joy and coupled with the most bitter hatred toward the Japanese.

The Korean mobs ran through the streets destroying everything they could which had been Japanese owned and operated. As such they burned and wrecked their tram-cars in the capital, causing such damage that there were only about twenty tram-cars left in running condition for a city of over a million people. That in itself was a great tragedy, for there were absolutely no replacements; there were practically no buses or motor vehicles at all; it was an ox-cart economy. Besides most of the streets were and still are in terrible condition, unpaved, muddy, and full of rocks and pot-holes. Other mobs raced to the railway yards, and burned and tore up railway engines and destroyed passenger coaches, breaking windows, ripping up rugs and upholstery, tearing out lights and wiring. Again they only hurt themselves, for in all South Korea there was not one factory to make window glass, nor was there hardly enough cloth to make rugs and upholstery. The effects of that mob action on the railway system has never been remedied to this day

These matters are cited merely as examples of the outrageous and wild conduct of the Korean people in destroying the things which were already theirs, for the Americans turned over to the Korean government all Japanese property without cost or expense. In addition, the Koreans burst open all the jails and prisons, and those buildings were emptied of nearly all their inmates. It was a hundred Bastilles rolled into one.

The American Forces just had arrived; they were in a strange, fantastic country, and hardly knew what was going on or where. Naturally it took them many days to get even slightly settled down. With all this tumult going on, the Japanese national police force, which had remained intact, and still on duty, did its best, through force of habit, to restrain the Korean mobs. In doing so, they were obliged to fire their guns at the Koreans, and consequently a great many Koreans lost their lives or were gravely injured. This naturally incensed the Korean public tremendously, for here they were being slain by Japanese bullets, even though the Americans had just liberated them. Therefore an outcry was raised all over Korea for the Americans to disarm and discharge the Japanese police, and to send them out of the country immediately.

After a few days delay, the American military commanders bowed to this local clamour and the misconceived world appeals which were unthinkingly demanding the quick eradication of Japanese influence in Korea. Therefore all the Japanese members of the police force were immediately demobilized. That action left the police department in turmoil, for the great bulk of the police were Japanese. The comparatively few Korean members were detested as renegades. Then gangs of hoodlums took over, they invaded homes and business places, taking and destroying furniture and other belongings. Hastily local groups tried to organize volunteer police, but often they turned out to be as bad as the hoodlums. The American troops were reluctant to use force against the Koreans who they had just liberated, and endeavored to shift to the Korean police the task of keeping public order. Furthermore it was the general policy of the American Command throughout the Occupation to never use American troops for the suppression of public disorders; they did not want to give the Communists and other agitators the opportunity of calling the Americans "imperialistic butchers and capitalistic tyrants brutally shooting down the working classes, etc."

Gradually over a period of months the Korean Police Department became manned by new but naturally inexperienced recruits. The weather was getting cold in Korea then, and as policemen were issued heavy overcoats

and boots by the American authorities, it was quite an inducement to join the force in spite of the low pay. Another thing was that all Koreans loved to carry rifles and pistols openly, and show them off, strutting and prancing around. Under the Japanese rule, no Korean was allowed to carry firearms even for hunting. Therefore, to the average person, easily joining the police force was a great symbol of freedom.

However, public disorder and wild clamor continued to prevail. The country was kept in constant turmoil by self-seeking politicians and adventurers. The pot was kept boiling for the following reasons.

Immediately after their arrival the Americans pushed through a program of repatriating all the Japanese in Korea. In a space of about three months time, a total of nearly a million Japanese persons were sent out of the country; that was practically the whole Japanese population. They were obliged to leave nearly all their property behind, and carried merely small bundles. As all responsible government positions, as well as those in the public utilities, such as electric systems, telephones, railways, post-offices, water, etc., were held by the Japanese, their leaving created an utter breakdown of Government and the public service. The Koreans had never been permitted to hold any positions of responsibility or those requiring any technical skills. Consequently the removal of the Japanese technicians resulted in an utter collapse of the economy and the governmental system of the Korean nation.

The political vacuum which was then left, was attempted to be filled by Koreans in exile, the few who had been educated abroad, and the local Koreans who had stayed in the country and endured the heavy hand of the Japanese oppression. The Americans were hard put to find somebody to fill the governmental posts and to run the country, and to even get a system of government operating. There just were absolutely no experienced Koreans to act as technicians or governmental administrators. It was decided by responsible Americans that it was best to keep the already established forms of the Japanese government system, and just to change it gradually as we went along where we thought changes were needed. Thus, the old Korean clerks were not too muddled up, and could help keep the Americans straight. Then again, the Americans in gradually establishing a government for the Koreans did so under a policy that the Koreans who had been in exile for many years were not permitted to have any part in Military Government. It was our policy to admit to the sacred precincts of Military Government only those Koreans who had stayed in Korea and had suffered under the Japanese.

Because of this vacuum in government, nearly every man and woman in Korea who could read and write, and many who couldn't, wanted to be a government official. They, in the first few weeks, appointed themselves as governors of provinces, mayors of cities, cabinet ministers, etc. As they were ignored, they then formed factions and political parties by the scores. Many newspapers sprang up, representing all shades of opinion, good, bad, and indifferent. It became a furious game of ins and outs, with local political gangsters just beginning to feel their oats, and creating political machines. Everybody wanted to get on the gravy train.

The customary manner for a Korean in order to show his political feelings is to hold a demonstration and parade, with lots of banners, and shouting marchers, coupled with outrageous demands made on whoever happens to be governing. The Korean temperament is very excitable. They are always against something or somebody and violently so.

No matter who is running the show or doing anything in Korea, he is publicly accused of being a pro-Communist, a pro-Fascist, a pro-Japanese, a pro-American, a pro-foreigner, a pro-enemy of democracy, etc. The Korean is just anti everything: he is against anyone and everything just on general principles.

All this created a lot of public confusion and disorder which became the duty of the Korean police to suppress. As mentioned before, the Americans did not want to get mixed up in Korean politics, and most of all, did not want their troops to go out into the streets or back into the hills to attempt to put down those riots, or control these outbursts of democratic feeling, if one can describe it as that kind of feeling. So, they pushed the Korean police on, and told them, "You go on out and stop that parade, or break up that riot, etc., you know we are backing you up etc." The Americans, soldiers and civilians alike, were always strictly warned: "Stay out of local Korean fights even if it is going on right in front of your nose; stay away and do not interfere unless you are given specific orders to intervene."

Now this type of instructions and orders were what the Korean police liked; they had been educated for two generations in Japanese cruelty, and the only police methods they knew were shootings, beatings, and filling jails to bursting with whomever they could grab. That, coupled with their natural cruel and bloodthirsty way of life gave them a field day.

Consequently the Korean police force became notorious for its general cruel and tyrannical conduct, and incurred the undying hatred of the average Korean, for nobody, not even a wild Korean, likes to get pushed around in real rough style.

Although the Americans who were in charge of supervising and training the Korean police did their very best

to stop this constant method of cruelty and illtreatment of the general public, it just was of no use. The Koreans would very politely say they were so very sorry, would promise faithfully to discipline the offenders, and change their future methods, but they never really changed a single bit. We just did not have enough Americans in the Military Government to watch every police station and police box, in every town, village and hamlet twenty-four hours per day. We did not know the language, and hardly knew what was going on in the ordinary affairs of every day life. Our interpreters were never very competent, and often they were intimidated by the local Korean politicians. Those interpreters knew they had to live in Korea long after the Americans left, and so they used reasonable discretion in revealing the various shenanigans which were going on under our noses.

The Korean police would throw people in jail on the slightest pretext, and "toss the key away." They did not even bother to follow closely the Japanese police regulations, which on paper, at least, gave a prisoner some rights. There existed no right of habeas corpus.

* * *

The basic reason for our inability to remedy matters effectively was that we Americans were in Korea as Liberators, and not as conquerors. We were the saviors of the Koreans, and not their masters. Consequently, our sole purpose was to help the Koreans set up a government of their own, and to train people for that job. Thus, we constantly delegated power to the Koreans, and let them do their own firing and hiring of personnel as a general thing. We just did not put our foot down and say, "This is it, do it this way, etc.," although we could have done it if we really wanted to, for after all, the Japanese peace treaty has not yet been signed, and Korea then was still part of Japan, strictly speaking. But we chose to follow the Potsdam Declaration which in effect severed Korea from Japan at the moment of the Japanese surrender.

The fury of the general population was egged on by various rightist, leftist, and other agitators and continually burst forth against the police which was the only symbol of authority which they could thwart with some impunity. There were constant uprisings and riots practically every day in some part of Korea, all directed against the Police Department. Every day a policeman was killed in Korea, and usually in political fights. The Americans were placed in an embarrassing position; they had to keep law and order in Korea, and the only native force we could rely upon was the National Police Department. It was the only unified cohesive Korean organization. We just were stuck with it.

The American Military Government was constantly striving to humanize the Korean Police Department, and Koreans in all walks of life, but in actuality, it was to no avail; it is impossible to change in a few months many generations of traditions and conduct.

For instance, it was a common practice of agitators to throw hand grenades into the various police posts; the Japanese system of fixed police posts was used throughout the country and cities; Korean police always stayed on duty at numerous scattered police boxes, small brick buildings large enough for four or five men. Communist agitators and other troublemakers thought it great sport to toss hand grenades into these small police stations. Consequently a Korean policeman stood guard outside all the time, with a rifle and fixed bayonet, and nobody ventured near that police box until the occupants were fairly sure of their visitor's good intentions. At nighttime it was particularly dangerous to approach a police box unless in full view, and walking, or driving very slowly. Americans were always waved on after a quick once-over, but everyone in a car just slowed down and took it real easy until you were sure the police gave some sign of recognition.

At the central police headquarters in Seoul, the sidewalk in front of the building was roped off, and all pedestrians had to walk in the street. Armed guards with fixed bayonets stood outside; they did not want folks on the sidewalks to toss hand grenades through the convenient windows fronting on the sidewalk. Now that sort of thing went on for three years under the American Military Government, so let it be a lesson to democracies that it takes a stern hand to keep decent law and order, and coddling just will not do in countries which have known only tyranny, oppression and fear as everyday life.

As a further example of the public disturbance, we had a curfew in Korea during the whole time of Military Government; it began from anywhere around 9:00 to 11:00 p.m., for the Koreans, depending on the current state of political unrest, and continued in force every night, until the time the North Koreans invaded the South and started the present conflict. The Americans had their own curfew imposed on themselves, from time to time, depending on the local alerts, alarms, and threatened revolutions, which were too numerous for the ordinary individual to count.

* * *

Being the only unified force in Korea native to the local population which held any central power, it naturally became the goal of politicians and office-seekers.

At first these efforts were not too successful as the top police officials had their own ambitions. However, as the months went by and things started to yell, it became apparent to all that the police were generally under the domination of the political supporters of Syngmann Rhee, who is now President of South Korea. He had stood outside of the Military Government structure and was constantly prodding them to some action in the launching of an independent South Korean Government. Thus, the police came to be known as supporters of Rhee and of the "rightists." Politics in Korea finally developed into two channels, right and left. There was no safe middle ground; those who tried to temporize and pursue a middle course were threatened and torn by both sides who often used brutal force; "Either you are with us or against us, etc., and make your choice," the cowering individuals were told.

From the foregoing the writer does not mean to imply the whole life of Korea centered around the police department, for the picture of Korea naturally covers many topics. But, it was out of this police trouble that the S. Korean Army got its birth and creation, and the general population was left in a spirit of demoralization, torn between conflicting ideas of democracy and alleged freedoms. Their will to resist aggression was weakened, and the average person did not care who was running the government so long as he was left alone.

Nor did the Korean police spend all their spare time going around beating up persons just for exercise, or throwing them in jail merely for the pleasure of seeing them squirm. The police often did good work in the usual type of law violations as is customary in any nation. There were many brilliant, kindhearted, and hard-working police officers. However, the whole system was one of oppression as a general policy.

The feeling was so intense against the police, that the general public on their own part treated the police with great cruelty. We had various and numerous riots and insurrections constantly going on, it was just like a pot boiling, simmering all the time. Often policemen were kidnapped, tortured, stoned to death, and sometimes actually skinned alive by the outraged wild populace. We had many instances of that happening, deeds which put to shame acts of the most primitive barbarians. One favorite method of killing and torturing policemen was to tie one to the ground, spread-eagled out, each arm and leg secured to a stake. Then heavy stones would be dropped on him one by one until he died, and he was literally buried under the mound of rocks dropped on him. We severely punished those misdeeds whenever we could catch the culprits. But one can imagine how the police behaved toward the general public. Instances as mentioned about were one factor which led the police to be quick on the trigger

when they were out keeping the public peace. It was a case of "dog eat dog" and never stopping.

During the early days of the American Occupation the Americans had been negotiating with the Russian Government on the problem of unifying Korea, and abolishing the artificial division of that country at the 38th parallel of latitude. The Russians controlled the zone north of that line. However, as futile negotiations went along we finally woke up to the fact that the Russians were not going to settle anything at all, but were just stalling along. Thus the Occupation became more complicated.

We found ourselves forming a Korean government, sort of letting it work its own way along, and creating itself by trial and error. However, we came to realize the fact that no government is safe or good unless it has a force to back up its decrees and orders. A government of mere announcements and platitudes is useless and ineffective. Because of the popular hatred and animosity toward the national police department, and realizing the inherent need of all governments for some type of armed force to enforce respect for his authority even locally, we determined to organize an Army.

But to soften or cushion the impact of such a proceeding, we decided to create such Army in the form of a "Constabulary," that is, we called it a Reserve Police force.

Thus was born the Korean Army. Of course, being a reserve police force, we had to treat it as such, but in actuality we trained it as an Army. The basic principle of the training was that in the Constabulary, the men were trained to act in groups, whereas in the police, the men were trained to act more individually and on their own initiative.

Our big mistake in the organization of the Constabulary, if one can call it a mistake, was our failure to take into account the Oriental conception of "face" or "relative standing in the public gaze." As the Constabulary were supposed to be a Reserve Police Force, then the National Police Department attempted to run them. We all had to be mighty diplomatic to avoid clashing of Korean personalities and policies. But to the general public, and the folks in the streets, and the ordinary policemen themselves, the Constabulary were only Reserve Police officers. The ramifications of higher policies were not understood generally.

Thus, was born right at the beginning a great jealousy between the police and the Constabulary, which was to plague the Military Government for the duration of its stay in Korea.

The National Police Department finally consisted of about 50,000 men near the end of our Occupation, and they were scattered all over the country. They also stood guard on the Russian border. That was dangerous

duty because of the constant border raids and kidnappings by the North Korean Forces.

The Constabulary started off with 5,000 men, then 10,000, and then slowly up to around 60,000 men at the time the Military Government left Korea. Because of the newness and instability of the Constabulary during the American Occupation, it was not thought advisable to permit them to guard the Russian border, that task being left almost entirely to the Police. The Constabulary did not man the border until after the Americans left the country.

Knowing that South Korea was to become an independent nation in due course, wise heads in the Military Government decided that the new nation needed an armed military or police force which the common people would respect and like. Therefore, it was determined as a matter of policy that the Constabulary was never to be used in the suppression of public disorders and riots so long as the Americans were there. That task was left only to the National Police. Thus, the Constabulary, in times of trouble, sulked in their tents, and maintained an aloofness away from petty strife. This had its desired effect, and there were never any harsh words directed by the people at the Constabulary.

But, on the other hand, the National Police Department viewed with alarm the growing strength of the Constabulary, and could not figure out just what was back of all these back-stage movements.

Korean human nature being what it was, all sorts of causes of friction arose between the two forces. The Constabulary were equipped with American arms, and uniforms, and looked almost like the American G.I.'s. At first the American soldiers looked down with scorn on these Korean "play soldiers," just the same as one treats poor relatives from the country to whom are thrown cast off clothes. The Constabulary, at first, sort of hid themselves a bit shamefully and was embarrassed, for they had a great deal of respect for the American soldiers, especially since the Americans had beaten the hated Japanese.

However, the confidence of the Constabulary grew with training and numbers, and soon they started strutting their stuff in public. Their men drilled with tremendous spirit and enthusiasm. They delighted like children in marching through the streets of towns, and would go along marching, singing and drilling with stirring snap and precision, and showing off to the public with great glee. Finally they became so skilled that the American soldiers were taken out and made to observe the drilling of the Korean Constabulary, so that the Americans could learn something. As we all know, most American soldiers thoroughly dislike drilling and marching, avoiding it as much as possible. So the American officers tried to shame the soldiers into putting some spirit in their drills by showing them the splendid performance put on by these supposed backward Korean.

However, the cockiness and strutting of the Constabulary greatly irked the National Police; as the Constabulary would go marching by in some drill step, the Police would make some sarcastic remark about the marchers being only substitute and reserve policemen; Korean tempers being rather wild, that is when the trouble would start. Often Constabulary resented being arrested for drunkenness, and each group constantly arrested each other. So after great fights were underway, and those fellows were playing for keeps with rifles and hand grenades. Regular pitched battles took place between the two law enforcement agencies in which many persons on both sides were killed.

Conditions grew so chaotic that finally it became the policy that Constabulary members were not permitted to enter a town carrying arms; their camps were placed out in the woods away from the cities. Every effort was made to avoid physical contacts between the two forces. We kept the Constabulary guarding outlying bridges, tunnels, etc., away from centres of population.

The fact that the Constabulary never took upon itself active police duties began to endear it to the general public. Those elements who were opposed to the Police Department, and who suffered from them, and they numbered in the thousands, then flocked to the Constabulary for help and leadership. Both forces were recruited from volunteers.

Since it was usually the leftist elements who were opposed to the Police, the situation resolved itself into a situation where the Leftists repeatedly infiltrated into the ranks of the Constabulary; it was a splendid opportunity to give the Leftist access to armed forces. The police were already safely in the hands of the Rightists. Thus, was born the great rivalry, the Constabulary became Leftist in tone, and the Police were Rightist. Now the Constabulary was not entirely Leftist, but enough of them got in so as to cause constant turmoil and unrest in the Corps. We were plagued with a series of repeated mutinies of companies, battalions, and even regiments of the Constabulary. They were continually raiding their own armories, and taking off into the hills with arms and ammunition, or running it across the border to the Russians. Motor vehicles, jeeps, and trucks were often disappearing from the Constabulary outfits.

This constant infiltration into the Constabulary persisted in spite of all the precautions the American Military Advisers could devise. Screening tests were had as a matter of course on volunteer recruits, but always many slipped by. The National Police also had their quota of Leftists in their ranks, but not too many.

The same difficulty arose in the Korean Navy, which we organized as the Korean Coast Guard. They and the Korean marines were a rough and tough outfit. Yet we had many instances

of crass mutines, and taking their ships north of the 38th line up to the Russians and North Korea. To our embarrassment they were American vessels, usually converted minesweepers given to the Koreans on loan.

The fierce rivalry between the Police and Constabulary manifested itself everywhere, and kept the country in turmoil and disorder. For instance, there was the island of Cheju-do; it is a separate province of Korea, 90 miles off the southern coast in the Yellow Sea; it has a population of nearly 500,000 persons. In ancient days it was highly regarded as a breeding ground for the horses of the army of Ghenghis Khan, the Mongol scourge. Also it is noted in history for being the Asiatic home of the Amazons; women ruled the land in ancient times. Even today, the extensive pearl diving, and abalone gathering is carried out entirely by women who swim in the ocean in all seasons. The writer has stood on their rocky shores in a whirling snow storm, shivering in his furlined parka, and watching stocky women of Cheju swimming around in what seemed to be a freezing sea.

While the Military Government was still in authority we had a revolution start on the island. There was no apparent sense to it; it was just directed against everything, and encouraged by Communist help. The public had become aroused by the reckless shooting and killing of about a dozen people by the police during an independence day celebration. Shortly thereafter a couple of alleged Leftist students died while in police custody. The parents of one of the children in bitter protest, insisted on burying the child's body at the doorway of the police headquarters, and nowhere else. A terrible impasse occurred in defiance of all Korean burial customs. The parents and their neighbours stood their ground, and the police were firm in their refusal, and of course, became greatly alarmed.

Within a few days after this incident, a terrible and blood-thirsty revolt broke out on the island, and it took over a year to put it down. The island became devastated; at least ten thousand homes were destroyed, and there were more than twenty thousand casualties among the population.

The great day, August 15, 1948, finally came: the new Republic of South Korea came into existence, after an election which was held under the supervision of the United Nations. At the inauguration of President Rhee on that August 15, 1949, at the Capitol Building, in Seoul, it was announced to the world that henceforth South Korea was a free and independent nation, possessing an Army of its own, namely, that group which had previously been known as the South Korean Constabulary. It was now the proud Army of the Republic of Korea.

Yet, even after the founding of the Republic, the country was plagued by constant mutinies in the Army, and continuous conflicts with the national police. This embroilment of factions, striving and struggling for power, is presently one of the compelling reasons for the disintegration of the South Korean military forces in the face of the invasion from the North. There was a sense of disunity, ill-will, resentment, and chaos, between its Army, police, and the general public who were torn to pieces between the two armed factions.

The average Koreans—approximately 80% cannot read or write—are poor, ignorant farmers or small artisans, who do not care who rules Korea, the right, left, or middle. So long as a Korean rules, it is sufficient. They detest the direction of all foreigners, and even though they professed to like us Americans, yet our best friends in the Government were constantly asking us, "When are you going to leave: please hurry and let us be alone; we

can run the country ourselves now; thanks for everything, thanks for your food; thanks for your clothing; thanks for your Democracy; now just go ahead, we can take care of ourselves."

However, there were many who disliked to see us leave and wanted us to stay indefinitely, but they were not in politics; they were the businessmen and the intellectuals. Those folks greatly feared the Russians and felt sure disaster would overtake Korea when the Americans pulled out.

One might ask, how does it come that the North Koreans are doing so good in the fighting now going on; from where did they get their present unity and singleness of purpose? The Russians and their Korean Communist stooges probably ruled the people by violence and fear. The Korean Communists are constituting a strong hard core of fanatics, ruling by force and terror, overwhelming the unorganized people, and imposing a discipline of the whip, clubs, and guns. That can be successfully done by a small determined group, as one can witness in Russia itself, and in Eastern Europe. But, additionally, the Koreans are accustomed to the rule by violence and terror. Since Koreans are now apparently ruling them, the North Koreans think that is the normal way of life. One must remember the Koreans have had an Iron Curtain of their own for thousands of years. The Korean Kings themselves closed Korea to foreign influence. The Japanese after their invasion imposed restrictions on foreigners settling there. Then the Russians clamped their own curtain tight. The Koreans just don't know what freedom and democracy really means.

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AGRARIAN REFORM IN COMMUNIST CHINA

The New Agrarian Reform Law

By C. D. Chang

Agrarian reform is a fundamental article of faith with the Chinese Communists. Mao Tse-tung started his career as the leader of the revolutionary peasant unions in his native province—Hunan. It was on the issue of the city versus the countryside as the main prop of revolutionary action that Mao Tse-tung came into direct conflict with the brilliant, though erratic, Li Li-san, who dominated the Politburo from 1929 to 1930. Much more of a doctrinaire than Mao, Li Li-san had more faith in the proletariat than in the peasantry. He advocated the seizure of industrial centres; but his premature terrorist insurrections proved expensive to the Communist cause, resulting in colossal losses of men and sympathy. In 1931 the so-called Li Li-san line was liquidated, and Mao emerged from the struggle as the rising star in the Communist firmament. From

that time onwards to this day agrarian reform has become the principal Party line.

Politically, agrarian reform has been a useful weapon to the Communists. It has been a technique for getting, holding, and extending popular support. With unsurpassed political acumen, Mao was convinced, at the very beginning of the Communist movement, that to be viable, the movement must have the support of the masses—the peasants. The logical result of this conviction was the determination to stake the Party's fortunes on the issue of agrarian reform.

* * *

In the early thirties much of the work in agrarian reform followed no definite plan or procedure. The leaders had much to say about the iniquities of

the landlord system of land ownership. At the instigation of the Communist cadres, the masses were encouraged to seize the properties of the landlords, to liquidate the landlords, and to eliminate whatever and whoever they regarded as anti-revolutionary. They knew the mob mind, and had gone out to win it. As a result of such encouragement, young fanatics and rowdies set out to spread terror. The mob violence thus unleashed knew no bounds. The Soviet areas in Kiangsi and Fukien were the scenes of an appalling orgy of murder and bloodshed.

Their purpose was to liquidate the landlords; but who were the landlords? There existed no precise definition of a landlord. Much was left to the discretion—rather the whims—of the Communist workers in the field. When the field workers were going too far, and making too much of a havoc, the

Party issued a directive which sought to elucidate the concept of landlordism. This important document, which, in a modified, extended form, is still effective to this day, in known as *How to Determine Class Status*. It attempts, in a general way, to define the various categories of the rural people. The sole yardstick for the measurement of class status is the absence or presence of the element of exploitation. A man is a landlord when he, instead of cultivating the land he owns, leases it to tenants for cultivation and exacts rents for the privilege. Persons who act as rent-collectors for the landlords are considered as landlords, irrespective of the fact whether or not they are land owners. Those who make a living by lending money to the peasants at usurious rates of interest are also treated as landlords. Thus, landholding in itself is not a controlling factor in the definition of a landlord. What makes a man a landlord is the fact he lives by exploitation.

Next to the landlords come the so-called rich peasants. What distinguishes a rich peasant from a middle or a poor peasant is not the amount of land he actually owns; in fact, he may be a tenant himself. If he has more working capital than his fellows — draught animals, farm implements, or actual cash — he is classified as a rich peasant. A rich peasant usually toils on his own land, but in most cases he has hired labourers to work for him. As such he is an exploiter. His exploitation may also take the form of lending money, renting out surplus land, or engaging in small business. The line of demarcation between a landlord and a rich peasant is not a clear-cut one.

A middle peasant lives by his own labour. The land he cultivates may be owned by him, may be partly rented, or, in some cases, may be wholly rented. He has a certain amount of work tools. But what makes a middle peasant, and not a poor one, is the fact that he is master of his own labour; he does not sell his labour out to others. The poor peasant, on the other hand, is not only a tenant but also a farm labourer.

* * *

With the long March of 1934 ended the first period of Communist agrarian reform which was known as the "ultra-left" period, and which was followed by an interval of "rightist" orientation. This was the time of United Front, in which class war against the landlords was abandoned in favor of an all-out effort against Japanese aggression. At the outbreak of the Sino-Japanese War in 1937, which Mao Tse-tung and his followers helped to hasten, the Communist sphere of influence was confined to the barren loess country of the Northwest, controlling about half a million people in an area not more than 30,000 square miles. Instead of land reform, they advocated a scheme of rent reduction; appropriation of land was seldom practiced except in cases of landlords excused of aiding or collaborating with the Japanese. As the war went on, the relations between the

Communists and the Nationalist Government became increasingly estranged. As a measure of "struggle," land reform in the sense of confiscation and redistribution was gradually resumed. By the end of the war, the Communists were in control of vast territories in North China as well as along the north banks of the Yangtse River. Land reform followed the wake of the Communist armies. This was necessary because, in the words of Liu Shao-chi, it was imperative "to raise the peasants' high revolutionary enthusiasm to participate in and support the people's revolutionary war and strike down Chiang Kai-shek's regime — a regime sponsored by American imperialism."

This new wave of land reform soon swept across the provinces under the domination of the People's Liberation Armies. It was characterized by violence and bloodshed vividly reminiscent of the "ultra-left" period of the thirties. Landlords and rich peasants were murdered by the thousands. Nor did the middle peasant fare much better. The poor peasants, in whose name the land reform policy was inaugurated, did not find the work too pleasant. It was true that they were given tiny plots of land, but they had to pay the price by being forcibly pressed into the armies or being organized into labour corps to carry supplies. In these days it was not uncommon to find whole villages deserted upon the approach of the Communist armies.

Such a state of affairs was, of course, inimical to the interests of the Communists. Fields were abandoned by the farmers; the Communists discovered to their dismay that their food supplies were threatened. The purpose of land reform was to win over the masses to their support, but the policy they adopted was not producing the desired result. It was evident to the leaders of the Party that a brake must be put on the over-zealous cadres who were going too far, and who seemed to think that mob violence was the only approach to land reform. Accordingly, the Party called, in the middle of September, 1947, an agrarian conference for the purpose of rectifying the "leftist deviations" of the cadres. A set of regulations were promulgated as a result of the conference.

The new regulations called for moderation. The landlords' right to land ownership was to be abolished; other means of production to be confiscated. Surplus land and surplus farm tools belonging to the rich peasants were to be requisitioned. Wealthy middle peasants were to be encouraged to offer their surplus land "voluntarily" for redistribution. It was a war for the liquidation of landlordism as a system and not for the liquidation of the landlord as a person. Violence and bloodshed should be avoided except in cases of "local despots." The Party directive on the differentiation of class status in rural areas, which was originally issued in 1933 and to which we have already referred above, was reprinted and distributed to the Party workers as a guide.

In April 1948 Mao Tse-tung counselled for further moderation. "In many places," he said, "many labouring people who did not engage in feudal exploitation, or who engaged in it but slightly, were wrongly placed in the landlord or rich peasant category. Thus the front of attack was erroneously extended, the extremely important tactical principle that it is both possible and necessary for us in our land reform work to unite with 92 percent of the rural households, or 90 percent of the rural population — the entire body of rural labouring people — in order to establish a united front against feudalism was forgotten." The mistaken policy of "encroaching upon the middle peasants' interests," Mao warned, had the effect of "taking a large number of persons from our own ranks and sending them to the enemies' camp. This was a violation of the principles of Marxism-Leninism and could have jeopardized the revolution if it had not been corrected in good time. Mao also preached against "unnecessary and indiscriminate violence." Only the "key counter-revolutionaries and tyrants" who had committed "gross crimes against the people" should receive capital punishment. "A study of the reasons for the occurrence of the mistakes we committed," he concluded, "shows that they were due to our departure from the objective situation at a given time and place, and that our working principles were determined subjectively. All our comrades should take this as a lesson."

* * *

In the spring of 1950 it was apparent to all that the economic situation of the country was deteriorating at a rapid rate. This was true with the industries in the urban centres; it was even more true with the agricultural production in the countryside. The Communist leaders were faced with the unpleasant fact that millions would die of starvation. Crop failure due to flood and drought was mainly responsible for the plight; but the land reform, which had wrenched millions of people from their accustomed existence and driven them along new paths, was a contributing factor. The destruction of the so-called rich peasants was causing disastrous consequences. All signs pointed to the danger of a further decline in grain production. If such a state of affairs were to continue, the country would be faced with chronic famine. The only escape from this predicament was a rapid change of land reform policy. On May 1, Liu Shao-chi, deputy chairman of the People's Government, declared that a revision of the agrarian policy was under consideration. In June a second session of the National Committee of the Chinese People's Political Consultative Conference was called, and the main item on the agenda was the question of agrarian reform. At the opening meeting Mao Tse-tung said that a new law had been drafted, and hoped the Conference would give its approval as soon as possible so that the cadres would have more time to

study it before undertaking the task of land reform in the coming fall in the newly-liberated areas.

In a speech before the PPCC, Vice-Chairman Liu Shao-chi admits that grave mistakes have been committed in the past, partly because of the mistaken zeal of the cadres and partly because of the spontaneous reaction of the peasants themselves. No such deviations can be allowed in the future. "Agrarian reform," he says, "must be carried out under guidance, in a planned, orderly way, in complete agreement with the laws and decrees promulgated by the Central People's Government and the people's governments at various levels." The distinctive feature of the new draft law is the preservation of the rich peasant economy. "This policy of preserving a rich peasant economy," he adds, "is not merely a temporary measure, but a long term policy, that is to say, it will last as long as the period of New Democracy will last." The law is not, however, retroactive, and cannot therefore be applied to areas where agrarian reform has already been completed.

The chief reason for the change is to step up grain production. It is thus both "advantageous to the development of the people's economy" and "beneficial to the broad peasant masses." There is also a political reason: to neutralize the rich peasants in order that the task of national reconstruction and rehabilitation can be achieved without obstruction. Before the people's revolutionary war was won, the rich peasants were on the side of the landlords and reactionary forces. For this reason they had to be liquidated alongside of the landlords. The present situation is essentially different from that of two years ago. The rich peasants must now be won over.

* * *

The Agrarian Reform Law, which was adopted by the PPCC and later ratified by the Council of the Central People's Government, sets forth the agrarian reform in these terms;

"The land ownership system of feudal exploitation by the landlord class shall be abolished, and the system of peasant land ownership shall be carried out into effect in order to set free the rural productive forces, develop agricultural production, and pave the way for the industrialization of new China," (Art. 1)

The fundamental principle underlying the land reform is not, therefore, merely to relieve the poor. "It is designed," explains Liu Shao-chi, to set free the rural productive forces, that is, to free rural labourers, land and other means of production from the shackles of the feudal ownership system of the landlord class, in order to develop agricultural production and to clear the path for the industrialization of China. The question of poverty among the peasantry can be finally solved only if agricultural production can be greatly developed, if the industrialization of new China can be realized, if the living standards of the people throughout the country can be

raised, and if China finally proceeds upon the road of Socialist development. Agrarian reform can only solve a part, but not all, of the poverty problem."

In accordance with this general principle, the land, draught animals, farm implements, surplus grain, and surplus houses in the countryside belonging to the landlords shall be confiscated. (Art. 2) But industrial and commercial enterprises run by landlords together with the land and other properties used directly for the operation of these enterprises are exempt from confiscation. (Art. 4) Rural land belonging to ancestral shrines, temples, monasteries, churches, schools, and other institutions are subject to requisition, but appropriate measures should be provided for the maintenance of the schools, orphanages, hospitals, etc. which are dependent upon the land as a source of income. (Art. 3) An exception is made of the land owned by mosques, which cannot be appropriated without the consent of the Moslems residing in the area. (Ibid.) This is an important concession to a national, or rather, a religious minority.

The protection of the rich peasants is embodied in Article 6 of the Agrarian Reform Law which stipulates:

"Land owned by rich peasants and cultivated by them or by hired labour, together with other properties, shall be protected from infringement."

"Small portions of land rented out by rich peasants shall also be retained by them. But in certain special areas, part or all of the land rented out by rich peasants may be requisitioned with the approval of the people's government at provincial or higher levels."

"If the portions of land rented out by rich peasants of a semi-landlord type exceed in size the land worked by them or hired labourers, the land thus rented out should be requisitioned."

"When rich peasants rent out land and, at the same time, also work as tenants for others due balance should be made against each other in computing their landholdings."

All land confiscated or requisitioned are to be taken over by the hsiang (an administrative area embracing several villages) peasant associations for distribution "in a unified, equitable and reasonable manner" to the poor peasants. Landlords are also entitled to a share of land which will enable them to "rely on their own labour for a living and to reform themselves through labour." (Art. 10).

In land distribution the interests of the actual tillers are given special consideration. Land owned by the tillers should under no circumstances be taken away. Land distribution is simply a matter of subtraction, supplementation and adjustment based on the holdings of the existing tillers. (Art. 12).

Since the unit for land distribution is the hsiang (Art. 11), the hsiang peasant associations are primarily responsible for its execution. The leadership of these associations must be kept "pure", which, according to Liu Shao-

chi, means that "landlords, rich peasants and their agents" must be prevented from taking active part in them. The middle peasants should be "absorbed into the leadership of the peasant associations" for the protection of their own interests. But the "main leadership . . . must be chosen from among the peasants and farm labourers." In Liu's opinion, peasant women should also be encouraged to join these associations so that their social rights would not be overlooked in the process of land reform.

Land reform is a task of great complexity; it is also "a systematic and fierce struggle." For this reason it should be given the widest possible publicity, and persons engaging in the work must be properly trained. The various levels of the people's governments should send responsible and qualified persons to direct and guide the peasant associations, and to help solve such problems as may be referred to them. Those intellectuals, members of the "democratic parties", teachers and other enlightened individuals of the cities who are interested in agrarian reform "must be absorbed" into work. This is a good education both for the peasants and for the intellectuals themselves.

Land reform in the future should be carried out in an orderly and smooth manner; acts of violence should be avoided. The people's governments, says Liu Shao-chi, should call together the landlords and rich peasants and inform them of the governments' policy and explain to them the various regulations regarding agrarian reform. "They must be warned not to resist or engage in subversive activities, but must honestly obey the order of the people's governments and the resolutions of the peasant association." Resistance and sabotage in whatever form — to slaughter draught animals, to fell trees without authorization, to let land lie untended, to destroy farm implements, irrigations works, buildings, crops or the like — will be dealt with severely. But the peasants themselves must not take the law into their own hands; punishment should be meted out by the people's courts which will be established in every county during the period of land reform. (Articles 32, 33, 24). "Chaotic conditions," Liu warns, "cannot be allowed to occur; deviation or confusion cannot be allowed to remain long uncorrected in our future agrarian work."

Land reform is to proceed by carefully planned stages and in areas where "objective" conditions guarantee "success" — political and military stability, the existence of a large body of peasants who demand the reform, and the availability of a sufficient number of trained personnel to ensure correct leadership. The work has been completed — if the figures published by the Central People's Government can be trusted — in an area with a rural population of about 145 million (total population of the area is about 160 million). There is still an area with a rural population of about 264 million (total population 310 million) where agrarian reform has not been carried

out. Requests have already been received from peasants of various districts for permission to proceed with the reform in the coming fall. The population of these districts is estimated at 100 million—3,500,000 in North China, 8,000,000 in Northwest China, 35,000,000 to 40,000,000 in East China, and 47,000,000 to 56,000,000 in Central China—covering some 300 counties in a number of provinces.

There is, in addition, another area with a rural population of 164 million where conditions are such that the Communist authorities are obliged to delay the work of reform. And there is also the problem of national minorities. The Agrarian Law expressly provides that it does not apply to areas where national minorities predominate. (Art. 36) The population affected by this provision is approximately 20 million. Does that mean that land reform will never be carried out in these areas? Liu Shao-chi answers the question by saying that "it is impossible to decide today." "We must," he adds, "give the national minorities more time to consider and prepare for reform among themselves. We must not be impetuous."

Like the national minorities, overseas Chinese are being accorded a special and privileged place. Article 24 of the Agrarian Reform Law provides:

"Land and houses owned by overseas Chinese should be handled in accordance with appropriate measures determined by the people's governments (or military and administrative committees) of the various big administrative areas or by the provincial people's government with due regard for their interests and in keeping with the general principles of this law."

It is not clear how this will work out, but from the language of this provision it is to be expected that overseas Chinese, even if they should own enough land to make them landlords, would not be treated as such. This is undoubtedly intended as an inducement for them to make investments in China.

The Agrarian Reform Law, furthermore, is not applicable to areas in the vicinity of large cities. (Art. 35) In carrying out the land reform program in the suburbs of Peking and Tientsin last winter and this spring, the governments made it plain that the land confiscated and distributed cannot be considered as private property; its ownership is vested in the state. The state can at any time take over the land for such public purposes as the government may deem fit.

In rural areas, however, the principle of private ownership is adhered to. The land distributed to the peasants is private property. The law provides that "after agrarian reform is completed, the people's government shall issue title deeds and shall recognize the right of the land owners to manage, buy, sell or rent out land freely." (Art. 30).

There still exists a wide gulf between the Communist theory, which calls for outright abolition of private property,

and the Chinese practice. Communist leaders in China, as good Marxists, do not consider the present arrangement as final. On the contrary, they envisage a much higher stage of development—the stage of full-fledged Socialism after the pattern of the Soviet Union—in an indefinite future. The present policy of merely abolishing "feudal" landlord system of land ownership is but the first step towards the final transformation—a necessary step for a country where medieval feudal relationships prevail in the economic set-up and in the political superstructure. The pressing need for rehabilitation is, of course, another factor. It would be against the "scientific" law of social development to effect too hasty a transformation. Meanwhile, it is the function of the peasants, who are now tillers of their own land, and whose political consciousness is supposed to be awakened because of it, to work doubly hard and build up a prosperous national economy, thus paving the way for the eventual transformation to Socialism. (See, Politics under the New Democracy: The Problem of Socialist Transformation in China, April 27th issue of the Far Eastern Economic Review).

Such, in brief, is the new Agrarian Reform Law. It marks a definite improvement over all previous regulations on the subject. It shows that the People's Government in Peking, having now achieved a certain degree of stability and having been profited by a quarter of century's experience, is going to do the work as a government, and not as a band of revolutionaries struggling for the capture of political power.

The agrarian reform is on a scale, in terms of the number of people involved, unequalled in history. The

Communists regard this as one of the two most basic historic tasks of the Chinese revolution, the other task being the overthrow of foreign imperialism.

Agrarian reform is not, of course, an end in itself. Its value must be judged by its results. Can the type of equalitarian distribution of land solve the fundamental problem with which China has been confronted for thousands of years? Will the life of the impoverished masses be improved thereby? Is the change from "land ownership system of feudal exploitation by the landlord class" to a system of peasant ownership sufficient to effect a miraculous transformation in agricultural production?

We are inclined to believe that the fundamental problem of Chinese economy is the intractable one of pressure of population upon resources. There are too many people for the sustenance yielded by the land they inhabit, given the present mode of production. Too many people, as a consequence, barely subsist or at times cannot even subsist. We are dubious of the value of agrarian reform as such. But this is a problem which will be dealt with more fully in another connection.

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The above article is the first of a series of articles on Agrarian Reform in the People's Republic of China. The author is eminently qualified to deal with this subject; he has been for many years professor at various Chinese universities and has written books on economic and government subjects which have found much attention both in China and abroad. Previous articles published in this Review by Prof. Chang have aroused considerable interest and several reprints in foreign journals of these articles were undertaken.—(Ed.)

ECONOMIC NEWS FROM THE UNITED STATES

By E. Kann, (Los Angeles)

(Special to the Far Eastern Economic Review)

A Summary of the Economic Situation

Business in the United States continues excellent. Factories are working at full capacity, and to the smallest extent only for defense orders. Employment is better than for many years past. The amount of steel ingots produced since January 1, this year, is 1¼ million tons larger than it was last year for the identical period.

At first it was thought that the production of television sets would have to be much reduced by large defense orders, but actually it is almost certain that 6 million sets will be produced in 1950, i.e. 20% above what had been planned. This notwithstanding the fact that Emmerson Electric Manufacturing Co. obtained from the Air Force and the Navy contracts for about \$100 million. Motorola, another T.V. concern, is hurrying to complete orders for two-way radios to be installed on army

jeeps. Aircraft manufacturers are working on Government orders exceeding 4 billion dollars. The wellknown New York dressmaker Henry Rosenfeld got orders for 244,000 summer uniforms for women reserves who are being called up for duty.

While it probably is true that Russia and her satellites have between 40 and 50,000 tanks ready, and that the United States and her allies own very many tanks less than this, it must not be forgotten that the last-mentioned group turns out just three times as much steel as Russia and her satrapes. And it is steel, after all, of which tanks are made. Similar conditions prevail with regard to oil, the material on which tanks are being operated.

Carloadings in the United States are 17% above what they were a year ago this time. Almost all other industries, which means also these which remain unconnected with war orders, are

fully occupied and edging upward under the stimulus of record demand. Many lines have had to take recourse to overtime, an action which formerly was rather uncommon.

The U.S.A. Administration is taking good care not to let inflation rear its ugly head. It has adopted the right methods to curb tendencies toward inflationary movements by raising taxation, reducing non-urgent civilian expenditure, contracting credit and selling Government securities to the public, and not to banks. Thus the additional issue of currency is avoided and the steady upward movement of consumer prices is obviated.

In ordinary times price levels of commodities are determined by supply and demand. In such times as are witnessed today there are a number of psychological factors which are liable and likely to force prices up, based on fears of eventual shortages, and not necessarily on actual deficiencies. As soon as the news from the front will be more re-assuring, and continuing that way, scare buying is bound to die

a natural death. There is little doubt in the mind of the average American that the military situation in Korea will not only improve, but that the U.N. forces will take and retain the initiative. Upon the outbreak of the imbroglio losses on shares traded on the New York Stock Exchange aggregated 8 billion dollars; by now all this has been recouped.

New Social Security Bill

It was on August 17 that the U.S. Senate unanimously passed a bill which for the first time places ten million Americans under Social Security and which nearly doubles the monthly benefits for retired workers. The new Bill was sent to the White House, after it had been passed by the Senate without opposition by a vote of 374 to 1. Actually the measure was for more than a year in preparation and represents a compromise worked out by a Conference Committee after Congress and Senate had passed different versions. If signed by the President it would feature the following points:

(a) Increase old age benefits by about 90%; maximum individual payments will be augmented from \$45 to \$80 monthly, while the maximum family benefit will move up from \$85 to \$150 per month.

(b) Another novel feature will be seen in extending coverage to 5 million self-employed, to 1,000,000 full-time working farm labourers, to 1,400,000 State and local Government employees and to 600,000 staff members of non-profit organizations, now excluded. This means that total coverage will now be increased to 45 million people.

(c) The payroll tax on employers and employees is to be frozen at the prevailing rate of 1½% until 1954. Thereafter it is to be increased, until it arrived at 3¼% in 1970.

(d) It is further proposed to increase the maximum annual salary taxable for Social Security purposes from \$3,000 to \$3,600. This would amount to a \$9 annual tax increase for some employers and employees.

New Ration-Price-Wage-Law

A week before passing the foregoing Social Security Act, the House passed another Bill which gives President Truman the power to begin rationing and to fix ceilings on prices and wages. While it contains more power than the President asked for, it does not grant more power than he had indicated he would accept. The Bill went to the Senate which had been discussing and already debating similar measures. The roll call showed there were 383 votes for, and 12 against. As matters stand now the President is unlikely to make use of those control measures.

What he might ask for as a start is provisions which he himself had requested. This means providing for production priorities for articles relative to defense; furthermore, for directing scarce materials into defense channels. For the time being the President sees no need yet for putting price-wage-rationing controls into force.

After six days of debating the House agreed upon the terms of the Act which would empower the President to:

- 1) Place ceilings on prices or wages, either jointly or separately, whenever he deems this advisable. Wages would be stabilized at the levels of May 24—June 24, 1950; for price pegging the President would have to give consideration to price levels which existed during the analogous period.
- 2) To allocate rare material.
- 3) To order rationing of such articles which he deems ought to be rationed.
- 4) Order top priorities for contracts connected with defense.
- 5) Requisition materials or equipment for the defense program.
- 6) Grant loans for defense production up to a total of \$2 billion.
- 7) Control credit within certain limits.

The foregoing authority would expire on June 30, 1951. No provisions are made for rent control. Though the President did not request penalties for hoarders, the House nevertheless decreed such, namely imprisonment up to one year and a fine up to \$10,000. Besides, the President is given discretionary authority to manage the home front economy. On the other hand, the House refused the President powers to place brakes on speculative trading on commodity exchanges.

More Income Taxes

The enormous extra expenditure occasioned by the Korean war necessitated extra sources of revenue. And so it is not to be wondered at that inter alia income taxation has so to say been recruited almost from the start. Recently the Senate Finance Committee voted unanimously for upping individual income taxes to the extent of 3 billion dollars. Simultaneously it recommended to exempt soldiers now fighting in the Korean war (below commissioned rank) from all Federal taxation.

The foregoing proposal will have to be approved by the House and by Congress, and if passed would enter into effect as of October 1. About 50

million taxpayers will be affected by the new law. The actual increase for the majority of tax payers in the lower brackets will be about 20%. This means taxes for 1950 will be affected at the higher levels for the last quarter only, but 1951 will be ruled by the increase for the entire year.

Apart from the aforementioned boost the same Committee also approved a \$1,500,000,000 hike in corporation taxes.

Pyramiding of Defense Expenditure

The Korean imbroglio naturally has made spending for defense purposes imperative. The original budget for 1950-51 provided for a fund of 15 billion dollars for the country's defense, inclusive of foreign aid and stockpiling. Immediately upon the outbreak of the North Korean invasion President Truman called for an extra 10 billion dollars. Then came an additional request for 4 billion dollars for continued arming of Europe, for accelerated stockpiling, for more navy planes, etc. raising the total to a figure exceeding 30 billion dollars. If one considers the other \$25 billion for non-defensive Federal expenditure, we arrive at a budget of \$55 billion. And further requests and requirements for defense purposes are likely to follow if the fighting should last six months more.

Already before the outbreak of the Korean affair there was a slight tendency pointing toward inflation. This movement has somewhat increased in velocity since end of June. However, inflation in the full sense is not imminent in America. One of the principal roadblocks against an inflationary move is revenue derived from taxation. However, it must not be lost sight of that excessive tax levies might curb economic incentives, leading to a decline in production. President Truman has called upon Federal institution to curb expenditure to the utmost. The National City Bank, in its recent

monthly letter, maintained that as much as 5 billion dollars a year could be eliminated from the Federal budget without hampering the fundamental operations of the Government.

U.S. Corporation Earnings

The succeeding table depicts earnings for the first half-year of 1950, together with comparisons for the identical six months of 1949, (unless indicated differently) of some of America's larger corporations. The figures were gleaned from daily publications as they were reported from day to day:

	1950 6 months earnings (thousands)	Per share	1949 6 months earnings (thousands)	Per share
International Paper Co.	\$ 33,767	\$ 4.68	\$ 24,649	\$ 3.40
Celanese Corp. of America	21,441	3.61	6,174	0.84
Standard Oil Co. of Indiana	52,488	3.43	50,713	3.32
Imperial Oil Co.	10,975	0.40	8,667	0.32
Standard Oil Co. of Ohio	7,313	1.92	7,509	1.97
Humble Oil Refining Co.	53,856	2.99	66,360	3.96
Briggs Manufacturing Co.	3,166	1.63	2,962	1.52
Budd Co.	11,001	3.06	7,316	2.00
Otis Elevator Co.	6,236	3.03	6,190	3.00
Commercial Credit Co.	10,638	4.60	7,861	4.02
Pacific Tel. & Tel. Co.	21,517	—	11,947	—
Allied Chemical & Tel. Co.	134,408	—	107,909	—
J. C. Penney Co.	21,104	2.38	—	—
American Tobacco Co.	17,508	2.13	16,488	2.00
Timken Roller Bearing Co.	18,460	3.14	21,955	3.79
Electric Auto Light Co.	8,201	3.39	4,163	1.72
Anaconda Copper Mining Co.	5,187	3.47	3,593	2.40
City Service Co.	18,241	2.10	18,005	2.08
Philco Corporation	28,577	7.45	30,159	8.15
International Nickel Co.	6,872	3.86	1,998	1.08
Goodyear Rubber & Tire Co.	20,365	1.33	20,983	1.31
Transamerica Corporation	11,914	5.08	8,133	3.24
Eastman Kodak Co.	9,600	0.97	8,450	0.85
United Aircraft Co.	26,162	1.90	21,646	1.65
Columbia Gas System	6,432	2.17	3,595	1.10
R. F. Goodrich Co.	13,357	0.90	9,173	0.63
Nest Foods Co.	12,427	8.76	8,969	6.02
Caterpillar Tractor Co.	6,835	4.56	4,705	3.14
R. J. Reynolds Tobacco Co. *	19,011	4.89	10,523	2.77
Procter-Gamble Co. †	9,950	0.92	10,297	0.96
Pacific Gas & Electric Co. †	61,092	6.33	28,655	2.96
Kaiser Aluminum Co. †	35,697	2.73	25,932	2.73
	10,532	4.05	12,023	4.62

* 2nd quarter, 1950.

† Whole year ended June 30.

TRADE WITH CHINA AND THE HONGKONG EXPORT PROHIBITION ORDER

With the return of more normal economic conditions in China and the increasing stabilisation of the new Chinese currency, the People's Bank dollar or yuan, as well as a result of the KMT imposed blockade (including mining of ports and threats of cargo confiscations from ships even when caught outside the territorial waters limit), the position of Hongkong as China's principal entrepot has been enhanced until at present almost all foreign trade of China moves through this British colony. At the same time, though to a smaller extent Taiwan is also utilising Hongkong and exchanges commodities (as well as other less pleasant things and persons) with China through Hongkong. It is an anomaly that two states which are at war, viz. China under the People's Govt and Taiwan under the KMT Govt, keep on trading albeit through a middleman — the much maligned Hongkong.

The Chinese authorities and their many organisations are well represented in Hongkong; they have either taken over from the old regime the trading, banking and other corporations with their stocks and personnel or they have established entirely new firms as branches of Canton, Peking and Shanghai organisations or they have founded such firms as Hongkong companies, with or without direct or overt official connection. These new organisations here have made themselves successfully known and many European firms prefer now to deal with them rather than continuing with old contacts. The new trading corporations are well

staffed though not all can boast of previous commercial training; nevertheless, their spirit and the usually quick study of things commercial and financial make up for the short-comings of experience. It is through these more or less official trading organisations that Hongkong-China trade is arranged; but private merchants, both here and in Canton or elsewhere in 'red' China, participate in this trade and to judge by the very great volume of trade which has been recorded during this year, all bona fide merchants must have derived considerable profits from doing business with China.

Hongkong Govt has imposed in the past relatively few controls on trade as the *raison d'être* of this Colony, viz. entrepot trade, was always recognised as so vital that even a free exchange market was allowed to operate here which, in turn, caused certain discriminations against Hongkong by the sterling area. However, as a result of the outbreak of the war in Korea and the changed political outlook in Washington, the local Govt was obliged, upon orders from London, to impose a very comprehensive control on exports to China; this was done, on August 11, by placing so-called strategic commodities under an 'Exportation Prohibition Order 1950'. Henceforth the export of a large number of goods, which may or may not be regarded as of 'strategic value' to a potential enemy, are subject to licence.

The commercial community at first was upset and it was believed that licences for controlled commodities

would be procurable only with difficulty. Fortunately, from a trader's but also from the political viewpoint, the export licensing of controlled items was liberally made and any price increase justified on account of the imposition of the 'Exportation Prohibition Order 1950' should have been resisted by merchants. Nevertheless, and mainly during the first few days of perplexion and anxiety about the real intentions of Govt here, prices started to rise and a firm trend has since continued. A variety of little black markets has appeared and preparations have been made to export commodities, as desired in China, with or without a licence; the enforcement of export prohibitions in the trade with China is, on account of the geographic position, a most difficult matter. This has been realised by Govt long ago and therefore all controls, reluctantly imposed upon the insistence of the Imperial Government, are most generously interpreted when it comes to their application.

The trading community here resents controls and sees in them efforts at strangling business in this place; European importers would be the first to feel the pinch if it really came to an uncompromising enforcement of export prohibition of 'strategic' commodities to China and the dealers (wholesalers and shippers to China) would have to wind up. It is easy, therefore, to imagine the consternation which first arose when the Order was published as well as the great relief which slowly spread when the 'business as usual' policy of Govt became known. But suspicion lingers on and one realises that though for the time being there is no official effort made to clamp down an embargo on exports,

to China the future is very insecure. The outcome of the war in Korea is the decisive factor for continued Hongkong-China trade.

Under these conditions, and seeing the war situation in the north as a potential threat to the peace in the Far East, general commodity hoarding has started (not only in Hongkong, of course) and prices keep rising. It is not only those commodities which fall under the Order but almost all other commodities have advanced in price so that today, as compared with one month ago, prices are from 15 to 30% higher with a number of items having risen by over 50%. Stocks have considerably declined and where only a few months ago warehouse companies refused to accept new cargo and the city was clogged with goods of almost any description, at present new import contracts are entered into and the arrival of recently indented cargo is anxiously awaited by dealers. Commodity markets elsewhere in the Far East have revived with resultant price increases, hoarding and profiteering.

The heavy buying by China provides the sound backing without which there wouldn't be the present boom on China's economic comeback is amazing — to those pessimists who refused to listen to commonsense but allowed their anti-red prejudice to cloud their judgment. The Chinese export drive has been a success and therefore the country can afford to import to an increasing degree. These imports are of course screened as to their usefulness in the rehabilitation of the nation and the establishment of industries in the country. From a general trade point of view, it does not matter what goods are ordered by China as long as there is trade and trade on a large scale. Chinese exports have been taken off the market in spite of their prices being now considered high; the rising price trend was a consequence of the appreciation of the Chinese currency and of the confidence reposed in this currency by the public now that inflation has been effectively stopped and a deflationary trend is being discerned. More foreign exchange earnings by China have enabled the People's Bank to be more generous with exchange allocations to importers in China and traders in Hongkong are benefited both ways, by getting the goods from China and then shipping to China those foreign raw materials and commodities which are in demand in China.

The booming China trade has, together with the higher price trend in international markets, encouraged hoarding and investment buying by non-commercial interests. Once again, a war-time psychology can be noticed in merchant circles when the holding of goods is considered preferable. Only a short while ago merchants held large cash balances for lack of incentive in their various lines of business but now they have turned to commodities and so have done many other people who still remember the effects of the last war on money and on commodities. More gold hoarding has also resulted from the present war hysteria but commodity hoarding is considered

of much more importance as it leads, provided that the rising trend cannot be brought to an end, to higher cost of living. Therefore, it is vitally important that commodity hoarding is discouraged which, in a free market like Hongkong, can only be done by the merchant community themselves, that is to say by supplying the market with all those commodities which it really or apparently requires. (In the case of the inordinate and largely artificial demand for gold which caused a quick rise in the price, the quick supply of gold by bullion dealers brought the boom to an end and thus contributed greatly to a calming of the nerves of the excited oriental investors here and elsewhere in the Far East).

A small edition of Hongkong is Bangkok where commodity hoarding is just as feverishly attended to and where the newcomers, mostly from Shanghai and Kwangtung, are competing with the old Chinese residents (mostly from Swatow and its hinterland) in the cornering of goods. No reason exists in Thailand for boosting demand for imported commodities as stocks are plentiful and supply channels unimpeded. However, there has been 'investment demand' by Chinese which fact has

been noticed by the authorities there who, with a number of confiscations of textiles, achieved the desired return of more normal prices.

Hongkong is considered abroad as 'unreliable' when it comes to matters of trade not only with China but with every other country. That the merchants of this Colony are particularly mercenary is being charged and therefore the effectiveness of restrictions on trade, as for instance now aimed at depriving China of so-called strategic goods and raw materials in a time of emergency, may be doubted. Already SCAP in Tokyo looks askance at Hongkong and takes precautions when permitting exports of Japanese 'strategic' articles to Hongkong; the same is now being done in the US. Eventually, London may also carefully screen the export of 'strategic' items to Hongkong, believing that control over such critical goods might better be effected in London than in Hongkong — who has got to remain China's friendly neighbour. To demand from Hongkong to refrain from doing business with China — and that is what the 'Export Prohibition Order 1950' to a great deal would amount to in case of full implementation — is nothing else but a demand for self-castration.

HONGKONG'S TRADE BALANCE

An outstanding feature of the trade of the Colony for July, which amounted to HK\$536 million (HK\$ equals 1s. 3d. or US 17½ cents), is the large excess of exports over imports, giving a favourable trade balance of \$53.8 million. Although in both January and July of 1949 exports exceeded imports by \$13 m. and \$4 m. respectively, these amounts cannot compare with the present remarkable excess of close upon \$54 m.

A breakdown of the figures shows that the balance is mainly due to a gain in exports, which amounted to \$295 m. the highest monthly figure for 1950 and a record over post-war years, whereas imports \$241 m. were lower than for any previous month of the current year. The fall in imports was to a large extent accounted for by the very considerable drop of 80% in imports from the British Commonwealth as a whole, which from \$123 m. in

January have steadily fallen until in July they only reached the total of \$68 m. Imports from the USA also declined, by 81%, from \$67 m. in January to \$37 m. in July. On the other hand, — a most encouraging point, — exports to the British Commonwealth rose over the seven months by 117% from \$46 m. in January to \$101 m. in July, while those to the USA increased by 35% from \$23 m. to \$31 m. The export surplus in trade with the Commonwealth countries therefore increased to \$33 m. in July, while the import excess with the USA dropped to only \$6 m. compared with \$13.5 m. in July 1949 and \$33 m. for June of this year. Both Malaya and Pakistan also showed export surpluses from Hongkong the excess amounting respectively to \$31 m. and \$27 m.

The following table shows the variations in Hongkong's trade balance for January to July 1950 compared with 1949:—

Hongkong's Trade Balance (\$ million)

	Imports		Exports		Total Trade		Trade Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
January	321	159	239	172	560	331	92	+ 13
February ...	249	162	199	135	448	297	50	27
March	279	222	230	177	509	399	49	45
April	247	161	229	115	476	276	18	46
May	298	318	266	219	564	537	32	99
June	266	208	263	164	529	372	3	44
July	241	191	295	195	536	386	+ 54	+ 4
Total	1901	1421	1721	1177	3622	2598		

(+ Excess of exports)

Trade with China and Macao showed a growth of 38% in the course of the January/July period compared with the same period of 1949, the excess of exports amounting to \$27 m. The only exception was South China, imports from which have not yet reached the high figure set in 1949, although the amounts for the individual months of 1950 show a progressive increase, the total for July 1950 having exceeded that for July 1949. In the case of North China and Central China both

imports and exports were higher than for 1949 (Jan./July). Undoubtedly the restrictions placed by the Chinese Communists upon exports from China have hampered importers in obtaining supplies from the Colony's near neighbour. Their recent relaxation in respect to many commodities such as piece goods from Shanghai should lead to a readjustment of the position. The following tables show the rise and fall of trade with the individual parts of China over 1950 and 1949 (Jan./July):-

Trade with China and Macao

	Imports		Exports		Total Trade		Trade Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
Jan./July:—								
N. China	210	98	271	88	481	186	+ 61	10
C. China	45	26	202	41	247	67	+157	+ 15
S. China	143	219	130	66	273	285	13	153
Macao	56	50	137	109	193	159	+ 81	+ 59
	454	393	740	304	1194	697		

North China

	Imports		Exports		Total Trade		Trade Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
January	36	9	42	3	78	12	+ 6	6
February	28	8	27	8	55	16	1	—
March	28	13	41	17	69	30	+ 13	+ 4
April	26	10	37	11	63	21	+ 11	+ 1
May	44	29	42	18	86	47	2	11
June	26	12	39	25	65	37	+ 13	+ 13
July	22	17	43	6	65	23	+ 21	11
	210	98	271	88	481	186		

Central China

	Imports		Exports		Total		Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
January	10	3	30	3	40	6	+ 20	—
February	5	2	31	3	36	5	+ 26	+ 1
March	7	3	37	4	44	7	+ 30	+ 1
April	5	3	34	3	39	6	+ 29	—
May	5	5	25	5	30	10	+ 20	—
June	6	4	23	5	29	9	+ 17	+ 1
July	7	6	22	18	29	24	+ 15	+ 12
	45	26	202	41	247	67		

South China

	Imports		Exports		Total		Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
January	6	28	22	8	28	36	+ 16	20
February	11	23	24	12	35	35	+ 13	11
March	18	33	16	10	34	43	2	23
April	18	23	13	6	31	29	5	17
May	31	56	10	9	41	65	21	47
June	26	36	15	6	41	42	11	30
July	33	20	30	15	63	35	3	5
	143	219	130	66	273	285		

Macao

	Imports		Exports		Total		Balance	
	1950	1949	1950	1949	1950	1949	1950	1949
January	7	9	27	7	34	16	+ 20	2
February	7	7	21	10	28	17	+ 14	+ 3
March	8	6	24	13	32	19	+ 16	+ 7
April	7	15	18	10	25	15	+ 11	+ 5
May	8	13	18	22	26	35	+ 10	+ 9
June	9	6	14	19	23	25	+ 5	+ 13
July	10	4	15	28	25	32	+ 5	+ 24
	56	50	137	109	193	159		

Hongkong Factories & Trade Unions

Factory Registrations

From April to June, 129 applications for registration were received (Hongkong 36, Kowloon & N.T. 93), 40 registration certificates were cancelled (18 & 22), 20 applications were refused 9 being for premises for which no formal application was received (7 & 13), and 109 registration certificates were issued (39 & 70).

The 129 factories applying for registration during the three months under review were of the following types, 36 being on the Island and 93 in Kowloon and the New Territories:

4 Sawmills (HK 1, Kowloon & New Territories 3), 1 Aerated Water (1 Kowloon), 11 Weaving (K. 11), 1 Feather works (HK 1), 2 Paper Boxes (HK 2), 6 Metal Wares (K 6), 9 Laundry (HK 6, K 3), 1 Brick works (K 1), 22 Printing (HK 11, K 11), 13 Knitting (K 13), 1 Electric Plating (HK 1) 1 Candles (HK 1), 4 Tin Cans (HK 4), 4 Engineering (HK 2, K 2), 2 Joss Stick Powder (K 2), 8 Garments & Shirts (K 8), 1 Furniture (K 1), 4 Lime Kilns (K 4), 1 Cassia Sorting (HK 1), 2 Shoes (1 and 1), 2 Peanut Oil (K 2), 1 Tape (K 1), 3 Dyeing (HK 3), 2 Noodles (1 and 1), 3 Dairy (K 3), 1 Tea Packing (HK 1), 3 Stone Crushing (K 3), 1 Cargo Packing (K 1), 1 Chemicals (K 1), 2 Electric Bulbs (Torch) (K 2), 3 Flour & Rice mills (1 and 2), 1 Soya Sauce (HK 1), 1 Thread (K 1), 1 Medicines (HK 1), 1 Chalk (K 1), 1 Hosiery (K 1), 1 Rubber Wares (K 1), 1 Torches (K 1), 1 Glass (K 1), 1 Perfumery (K 1).

For the half-year January to June this brings the number of applications received up to 281 (97 & 184), of registration certificates cancelled to 77 (27 & 48), of applications refused to 29 (12 & 17), 11 being for premises for which no formal application was made, and the number of registration certificates issued to 200 (67 & 133).

The increase in registrations of factories and workshops for the six months January to June 1950 compared with the same period last year is shown in the following details:

	Applica- tions	Certifi- cates cancelled	Applica- tions refused	Certifi- cates issued
1949				
Jan.-June	201	105	22	109
1950				
Jan.-June	281	77	29	200

The total number of registrations and applications under consideration as at June 30 1950 was as follows compared with those at June 30 1949:—

	30. 6. 49.	30. 6. 50.
Factories Registered	954	1,114
Applications under consideration	217	347
Total	1,171	1,461

Trade Unions

The following trade unions were registered during the period April—June, 1950:—

Approx.
Membership

(a) Labour Unions:			
Hongkong & Kowloon Chinese Medicine Employees Association	223		
Hongkong & Kowloon Buton Workers Union	285		
Hongkong & Kowloon Fitters and Turners Union	200		
Shanghai Tailoring Workers General Union	560		
Hongkong Public Vehicle Drivers Union	200		
Nanyang Brothers Tobacco Co. Employees Union of Hongkong	450		
Hongkong & Kowloon Motor Car Drivers General Union	500		
Hongkong & Kowloon Dyeing Workers General Union ..	280		
(b) Employers Association:			
Hongkong & Kowloon Joss Sticks Merchants Association ..	85		

As at June 30, 1950, the number of trade unions and employers' associations registered at the Labour Dept. was 168, as shown below:—

	Employers Associations	Labour Unions	Mixed Unions	Total
	70	198	4	272
Less cancellation, amalgamation & dissolution	—	4	—	4
Net total	70	194	4	268

Applications received and in action were: 5 employers associations and 7 labour unions, making a total of 12.

Hongkong Statistical Trade Reports

Traders are reminded that imports to Hongkong and exports from Hongkong must be declared for statistical purposes to the Department of Commerce and Industry, Fire Brigade Building (2nd floor).

IMPORTS. The Import Licence (where one is required) must be accompanied by a Declaration on Form I within 72 hours of arrival of the shipment. A dollar stamp must be affixed to the Declaration. In the case of import licences for Japanese goods where part shipment only is received, the import licence itself should be retained until the final shipment arrives. Part shipments should be covered by an import declaration quoting the number of the licence, and the licence should be attached to the declaration in respect of the final shipment. It should be noted that each declaration must bear a one dollar stamp. In all cases of part shipment other than for Japan imports the original licence must be surrendered and a new one taken out to cover the balance.

EXPORTS. The Export Licence, bearing a dollar stamp, must be surrendered to the Shipping Company, who must return it to the Department of Commerce and Industry within 48 hours of shipment.

Hongkong's Trade for Seven Months and for July 1950

According to figures issued by the Department of Commerce & Industry, imports of merchandise into the Colony of Hongkong during the month of July, 1950, amounted to a declared value of \$240,968,853 as compared with \$191,182,825 in the month of July, 1949. The figures include Government sponsored cargoes.

Exports of merchandise totalled \$294,771,022 as compared with \$194,991,534 in July, 1949.

Imports during the first seven months of 1950 amounted to \$1,901,007,989 as compared with \$1,420,828,842 in the first seven months of 1949.

Exports totalled \$1,715,364,737 as compared with \$1,177,511,676.

Trade for July TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE BY COUNTRIES

Countries	IMPORTS FROM		EXPORTS TO	
	July 1950	July 1949	July 1950	July 1949
	\$	\$	\$	\$
United Kingdom	33,067,583	26,971,341	10,616,356	11,555,189
Australia	4,040,445	3,599,487	4,371,248	6,289,152
Canada	3,712,754	4,208,239	598,482	2,481,178
Ceylon	95,288	184,878	1,239,346	426,224
East Africa	109,632	317,409	961,386	1,783,371
India	5,813,513	6,377,563	2,123,561	3,171,884
Malaya	15,678,155	8,592,799	47,040,984	21,588,947
New Zealand	1,125	438,631	520,056	411,683
North Borneo	1,078,860	954,623	1,105,743	1,081,921
Pakistan	1,966,445	724,857	28,555,644	1,433,785
South Africa	667,786	2,196,179	1,100,365	2,687,693
West Africa	—	—	700,631	591,419
West Indies	—	710	1,008,577	596,592
British Commonwealth, Other	1,342,801	27,236	1,014,060	1,030,810
Austria	237,459	252,293	—	—
Belgium	1,193,851	611,554	2,373,437	482,401
Burma	1,730,211	1,509,902	628,645	2,082,261
Central America	333,856	53,727	690,759	605,533
China, North	21,785,413	16,719,529	43,096,817	5,838,400
" Middle	7,383,323	6,376,642	21,582,734	17,969,527
" South	32,830,741	20,408,377	29,531,915	14,879,556
Czechoslovakia	665,275	481,693	—	—
Denmark	427,475	215,748	1,120,649	130,666
Egypt	2,349	934,347	623,328	346,699
Finland	204,400	154,881	7,650	—
France	2,510,484	1,831,822	735,059	1,436,989
French Indochina	6,678,833	3,270,425	1,557,621	1,660,426
Germany	1,695,859	500,960	3,614,787	598,117
Holland	3,668,970	4,340,967	4,023,382	1,169,909
Iraq	—	—	100,386	57,234
Italy	1,630,904	1,280,453	1,983,460	229,052
Japan	8,428,317	8,689,691	8,121,339	5,199,807
Korea, North	1,520,317	3,150,122	—	5,286,194
" South	1,026,050	657,773	—	5,572,950
Macao	10,325,930	4,217,603	14,970,658	27,502,459
Norway	863,641	2,140,519	480,639	348,093
Oman	—	—	26,880	254,353
Persia	—	—	11,530	38,866
Philippines	1,812,044	1,594,209	4,464,884	9,785,594
Poland	43,680	110,882	—	—
Portugal	23,878	233,262	30,658	19,800
Portuguese East Africa ..	—	—	252,824	395,183
South America	22,000	730,942	1,187,864	526,861
Spain	32,561	75,713	170,133	10,591
Sweden	2,258,786	2,015,631	201,534	448,937
Switzerland	5,735,339	3,712,897	758,001	104,129
Thailand	15,414,173	8,339,035	11,526,956	3,360,167
Turkey	—	7,000	129,194	133,394
U. S. A.	37,345,278	40,466,181	31,295,767	26,959,190
U. S. Indonesia	4,822,984	1,046,040	6,326,553	4,078,684
Others	740,085	458,053	1,988,540	2,349,659
Total	240,968,853	191,182,825	294,771,022	194,991,534
Total Br. Commonwealth ..	67,574,387	54,593,952	100,956,439	55,129,848
Total Foreign	173,394,466	136,588,873	193,814,583	139,861,686

Trade for January - July

TOTAL VALUES OF IMPORTS & EXPORTS OF MERCHANDISE
BY COUNTRIES

Countries	IMPORTS FROM		EXPORTS TO	
	Jan.-July 1950	Jan.-July 1949	Jan.-July 1950	Jan.-July 1949
	\$	\$	\$	\$
United Kingdom	249,488,473	204,760,768	108,544,318	87,462,516
Australia	57,564,914	35,225,235	22,383,861	18,504,663
Canada	27,737,204	26,591,376	5,669,958	10,875,081
Ceylon	1,386,606	1,129,128	3,730,647	4,010,240
East Africa	1,674,705	1,338,681	4,547,499	12,546,195
India	115,048,645	20,817,582	9,434,091	24,027,501
Malaya	62,194,503	34,887,719	210,265,582	128,978,702
New Zealand	662,167	840,852	2,136,911	1,398,158
North Borneo	7,731,625	7,229,921	7,138,962	4,929,265
Pakistan	44,521,396	1,767,965	57,376,298	47,357,022
South Africa	8,135,877	10,008,098	4,898,505	11,285,223
West Africa	57,008	41,606	3,868,221	4,292,363
West Indies	19,977	66,497	4,796,505	2,633,040
British Commonwealth, Other	19,497,321	14,280,700	7,203,547	6,387,651
Austria	5,886,648	2,022,740	80,898	17,660
Belgium	22,172,841	9,753,206	6,518,511	4,520,633
Burma	7,379,158	13,665,973	12,221,596	10,566,237
Central America	1,147,545	451,882	4,021,877	2,829,570
China, North	210,157,500	98,635,040	271,344,544	87,860,454
" Middle	44,918,124	25,405,650	201,786,435	40,934,716
" South	143,582,778	219,526,911	128,563,339	64,699,344
Czechoslovakia	7,625,733	3,133,764	48	1,815
Denmark	2,663,891	1,513,654	7,314,425	2,073,335
Egypt	524,276	1,189,641	3,193,665	2,555,751
Finland	2,639,781	1,555,352	26,245	57,626
France	28,345,451	19,573,288	3,876,631	7,761,223
French Indochina	17,531,425	12,699,280	13,346,351	12,058,890
Germany	18,625,155	2,977,464	18,246,233	13,067,727
Holland	27,916,344	18,726,568	25,013,750	6,276,702
Iraq	10,000	—	214,957	1,726,173
Italy	14,511,112	7,643,748	6,869,105	6,175,689
Japan	39,544,990	57,381,409	63,436,881	43,029,584
Korea, North	19,219,169	31,391,681	7,777,032	33,764,105
" South	22,429,098	19,165,716	22,461,108	36,989,027
Macao	56,354,906	50,591,974	136,952,868	109,005,047
Norway	16,293,331	8,862,072	3,631,484	3,452,215
Oman	150,600	55,568	450,240	2,471,157
Persia	112,559	544,626	204,531	324,986
Philippines	8,532,018	10,476,161	35,164,074	56,968,206
Poland	2,793,438	1,275,873	—	—
Portugal	1,005,361	883,758	228,878	84,605
Port. East Africa	721,020	45,782	803,739	1,837,686
South America	208,672	2,981,018	11,078,544	2,608,896
Spain	489,166	344,575	510,293	190,487
Sweden	17,879,938	13,324,018	4,422,427	2,654,519
Switzerland	35,521,319	29,314,876	2,303,210	534,100
Thailand	95,294,244	59,257,098	50,175,775	88,816,766
Turkey	6,000	46,300	838,592	1,146,922
U. S. A.	376,415,320	304,369,579	147,282,561	112,279,023
U. S. Indonesia	40,614,076	16,207,415	57,770,877	40,885,738
U. S. S. R.	790,800	433,316	—	1,893,628
Others	15,273,781	16,415,738	15,238,108	10,698,809
Total	1,901,007,989	1,420,828,842	1,715,364,737	1,177,511,676
Total Br. Commonwealth	595,720,421	358,986,128	451,994,905	364,687,625
Total Foreign	1,305,287,568	1,061,842,714	1,263,369,832	812,824,051

Hongkong's Trade for
July 1950

The trade of the Colony for July amounted to HK\$535.8 (excluding gold & specie) an increase of 1.2% over the June total, according to figures released by the HK Dept. of Commerce & Industry. Imports totalled \$241 million, a drop of 9.3% and exports \$294.8 million or a rise of 15.2%, giving a favourable balance of \$53.8 million which constitutes a record.

China: Figures for China and Macao are shown in millions of dollars below, last month's figures being given in brackets (HK\$ equals 1s. 3d. or US 17½ cents):

	Imports	Exports	Total
China:			
North	21.8 (26)	43.1 (39)	64.9 (65)
Middle	7.4 (6)	21.6 (23)	29.0 (29)
South	32.8 (26)	29.5 (15)	62.3 (41)
Macao	10.3 (9)	15.0 (14)	25.3 (23)
Total	72.3 (67)	109.2 (91)	181.5 (158)

Imports of groundnut oil from North China fell from \$4.6 millions to \$0.5 million, but cotton yarn imports almost exactly doubled in value. Exports of raw cotton to North China again fell away, as did iron and steel, but there were increases in exports of rubber (more than ten fold) and electrical and other machinery.

Trade with Middle China showed little change, but there was a considerable increase with South China, whence imports of wood oil trebled in value from \$4.4 millions to \$12.5 millions. The value of swine imported fell from \$2.7 millions to \$2.1 millions. The largest export increases were—rubber \$0.5 millions to \$2.5 millions; pharmaceuticals from \$3.4 millions to \$6.7 millions; dyeing and tanning materials from \$0.4 million to \$2.5 millions; iron and steel from \$1.2 millions to \$4.0 millions, and manufactures of base metals from \$1.6 millions to \$4.7 millions.

United Kingdom: Imports increased by \$5.2 millions, the principal items affected being electrical machinery and apparatus, copper wire and pharmaceuticals. The drop in exports from \$21 millions to \$10.6 millions was mainly due to China products and Hongkong manufactures. Exports of teased oil decreased in value from \$5.8 millions to \$3.9 millions; wood oil from \$3.3 millions to \$1.0 million. Knitted fabrics and cotton clothing from \$2.4 millions to less than \$1 million and under-clothing from \$1.4 millions to \$0.3 million.

Australia: Imports decreased from \$15.2 millions to \$4 millions, wheat flour, down by \$6.5 millions, being the chief cause.

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Hongkong's Trade for January - July

TOTAL VALUES OF IMPORTS & EXPORTS BY CHAPTERS

TOTAL VALUES OF IMPORTS AND EXPORTS		IMPORTS		EXPORTS		IMPORTS		EXPORTS	
Articles	July 1950	July 1949	July 1950	July 1949	Articles	Jan.-July 1950	Jan.-July 1949	Jan.-July 1950	Jan.-July 1949
Live animals, chiefly for food	2,230,180	5,310,150	—	—	Live animals, chiefly for food	24,631,574	25,228,513	60,416	8,560
Meat and preparations thereof	260,435	755,556	214,628	133,730	Meat and preparations thereof	8,714,633	7,025,103	3,297,114	4,010,566
Dairy products, eggs and honey	5,749,222	6,061,117	3,783,731	3,568,994	Dairy products, eggs and honey	40,740,844	36,412,948	21,422,440	21,242,287
Fishery products, for food	5,416,771	4,945,950	4,279,219	3,265,662	Fishery products, for food	37,554,308	32,443,201	26,167,653	14,543,518
Cereals	19,451,840	4,492,648	10,138	85,097	Cereals	77,485,692	47,075,214	13,020,479	1,961,640
Manufactured products of cereals, chiefly for human food	4,099,061	3,642,797	3,495,781	5,024,285	Manufactured products of cereals, chiefly for human food	53,696,612	29,194,706	42,273,646	20,227,403
Fruits and nuts, except oil-nuts	5,520,863	3,467,511	3,405,941	2,440,440	Fruits and nuts, except oil-nuts	36,584,301	22,487,751	23,109,386	14,471,722
Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	7,318,544	5,376,652	8,919,250	7,654,703	Vegetables, roots & tubers, chiefly used for human food & their preparations, n.e.s.	44,710,756	38,737,097	52,463,294	37,621,218
Sugar and sugar confectionery	1,353,685	8,465,057	2,814,494	1,923,829	Sugar and sugar confectionery	21,071,880	23,894,172	20,466,842	9,922,773
Coffee, tea, cocoa and preparation thereof, spices	2,541,643	2,270,925	3,647,939	1,937,647	Coffee, tea, cocoa and preparation thereof, spices	21,320,266	12,230,943	24,222,742	10,018,386
Beverages and vinegars ..	2,661,876	2,249,343	1,280,438	1,796,988	Beverages and vinegars ..	18,466,002	10,822,312	8,087,708	7,508,493
Feeding stuffs for animals, n.e.s.	4,372,701	2,648,197	2,874,506	3,655,193	Feeding stuffs for animals, n.e.s.	33,882,273	9,718,795	27,024,615	14,588,744
Tobacco	7,170,822	5,043,331	3,298,485	3,683,146	Tobacco	43,901,370	29,025,937	25,930,320	14,783,351
Oil-seeds, nuts & kernels ..	2,395,022	5,731,942	3,162,276	4,435,252	Oil-seeds, nuts & kernels ..	36,495,379	19,103,157	30,315,071	21,215,844
Animal and vegetable oils, fats, greases and waxes and their manufactures, n.e.s.	21,893,365	6,267,735	19,089,175	12,751,611	Animal and vegetable oils, fats, greases and waxes and their manufactures, n.e.s.	113,986,197	69,786,363	101,493,098	88,259,604
Chemical elements and compounds; pharmaceutical products	10,526,684	8,937,446	17,591,854	6,442,763	Chemical elements and compounds; pharmaceutical products	101,136,673	66,786,107	82,790,230	44,884,333
Dyeing, tanning & colouring substances (not including crude materials)	2,371,290	4,602,416	8,217,582	2,455,671	Dyeing, tanning & colouring substances (not including crude materials)	47,073,993	35,795,775	36,204,910	28,569,141
Essential oils, perfumery, cosmetics, soaps and related products	2,828,567	2,220,963	1,980,367	1,710,229	Essential oils, perfumery, cosmetics, soaps and related products	16,970,638	13,137,712	11,354,787	7,504,061
Fertilizers	1,303,038	1,811,303	3,187,567	3,339,570	Fertilizers	25,595,824	7,837,237	29,627,591	9,266,121
Rubber and manufactures thereof, n.e.s.	12,533,615	3,041,106	11,936,029	2,769,882	Rubber and manufactures thereof, n.e.s.	35,789,344	19,447,860	31,598,256	19,148,222
Wood, cork and manufactures thereof	5,488,237	3,202,535	964,763	1,750,540	Wood, cork and manufactures thereof	40,296,494	27,879,047	7,342,255	6,690,671
Pulp, paper & cardboard and manufactures thereof ..	779,923	8,451,236	6,416,509	8,472,172	Pulp, paper & cardboard and manufactures thereof ..	69,584,768	56,824,922	57,064,758	52,596,451

1,648,552	1,918,285	2,473,730	2,792,331	Hides & skins & leather	14,419,872	14,448,144	11,229,632	12,343,540
87,003	132,180	574,045	533,526	Manufactures of leather, not including articles of clothing	683,669	596,338	2,975,243	3,120,426
20,000	—	425,900	349,400	Furs, not made up	1,232,845	1,989,138	2,165,076	3,921,287
7,636,207	5,154,800	17,722,113	4,319,257	Textile materials, raw or simply prepared	118,756,900	40,954,461	128,198,713	40,442,474
10,553,987	3,970,942	27,582,752	13,108,488	Yarns and threads	84,048,582	54,321,625	122,860,173	70,507,518
18,025,337	10,566,938	28,919,307	14,058,890	Textile fabrics and small wares	139,807,018	111,923,505	118,054,428	117,568,352
1,495,107	685,243	1,082,257	628,141	Special and technical textile articles	8,826,220	4,563,021	7,802,092	3,405,558
2,396,660	1,565,656	11,239,211	10,907,880	Clothing & underwear of textile materials; hats of all materials	17,186,062	11,851,387	76,558,388	52,529,197
9,811	—	1,160	—	Clothing of leather & fur	59,633	22,925	8,152	5,510
139,680	52,039	1,194,357	1,073,950	Footwear: boots, shoes & slippers	1,303,913	779,633	21,462,684	13,226,639
2,772,227	2,432,797	3,592,812	5,163,073	Made-up articles of textile materials other than clothing	37,673,646	16,876,059	57,020,230	35,194,120
6,377,460	5,376,401	6,244,975	3,553,304	Products for heating, lighting & power, lubricants & related products, n.e.s.	87,108,038	72,921,957	66,330,802	35,611,239
932,843	1,307,180	371,571	362,916	Non-metallic minerals, crude or simply prepared, n.e.s.	10,928,960	11,464,012	4,122,258	3,823,460
1,215,063	902,375	1,129,886	704,673	Pottery and other clay products	7,716,567	7,300,800	5,712,062	5,327,176
1,153,397	2,116,625	569,152	830,309	Glass and glassware	5,232,938	8,408,439	4,412,283	6,252,579
522,507	203,359	373,409	82,847	Manufactures of non-metallic minerals, n.e.s.	2,934,213	2,502,497	1,166,079	1,035,806
539,332	2,498,232	488,850	585,403	Precious metals & precious stones, pearls & articles made of these materials	8,159,888	15,110,394	2,722,034	3,009,038
5,505	1,990,501	682,699	4,267,654	Ores, slag, cinder	916,298	20,897,523	8,650,716	18,330,379
7,123,754	4,851,110	9,673,078	1,988,735	Iron and steel	67,718,656	40,199,405	37,166,310	17,264,592
4,722,330	3,630,428	4,771,103	9,187,668	Non-ferrous base metals	25,415,284	32,128,475	20,421,456	33,975,296
6,023,799	4,620,123	14,230,171	12,449,294	Manufactures of base metals, n.e.s.	38,120,726	39,966,934	64,346,298	70,906,183
4,793,496	6,797,919	8,563,452	2,254,276	Machinery, apparatus and appliances other than electrical, n.e.s.	43,143,444	51,132,745	33,700,694	8,623,737
6,099,801	6,215,336	4,060,813	1,746,465	Electrical machinery, apparatus & appliances	37,075,022	32,546,835	18,530,489	12,487,841
3,599,385	4,233,365	2,497,014	1,831,111	Vehicles and transport equipment, n.e.s.	31,140,900	28,439,504	18,891,815	13,306,867
6,810,163	9,823,702	23,833,159	13,185,962	Miscellaneous crude or simply prepared products, n.e.s.	80,696,799	81,691,670	120,896,368	81,412,307
11,998,518	10,941,373	13,903,374	9,728,617	Manufactured articles, n.e.s.	81,012,075	77,956,534	84,622,451	64,817,414
240,968,853	191,182,825	294,771,022	194,991,534	Total Merchandise	1,901,007,989	1,420,828,842	1,715,364,737	1,177,511,676
514,662	13,458,894	4,333,060	12,786,543	Gold and Specie	14,566,885	22,325,367	32,433,662	21,852,505
241,463,515	204,641,719	299,104,082	207,778,077	Grand Total	1,915,164,874	1,443,154,209	1,747,798,399	1,199,364,181

(Continued from Page 247)

Malaya: Imports increased from \$11.2 millions to \$15.7 millions of which total raw rubber accounted for over \$10 millions. Exports of this commodity to China during July amounted to \$9.5 millions, North China taking nearly \$7 millions, and South China \$2.5 millions.

U.S.A.: Imports were down by \$19.2 millions the main items affected being raw cotton, from \$7.6 millions to under \$1 million; textile fabrics, from \$5.6 millions to \$2.5 millions; pharmaceuticals from \$7.9 millions to \$5.2 millions; non-electrical machinery from \$3.9 millions to \$1.5 millions, manufactured cereals from \$1.9 millions to \$0.3 million, dyeing & tanning materials from \$1.7 millions to \$0.5 million and manufactured articles from \$4.1 millions to \$3 millions. Exports were up by \$7.7 millions, in large part accounted for by China products among which bristles increased in value from \$8.2 millions to \$12.6 millions.

Thailand: The increase in imports was entirely attributable to rice. Exports of textiles increased from \$1.0 million to \$3.3 millions.

Indochina: Imports of white rice to the value of \$5.3 millions were recorded.

Pakistan: Exports of cotton yarn to Pakistan increased by over \$16 millions, from \$5.3 millions to \$21.9 millions. Exports of textiles also increased considerably — from \$0.5 million to \$4.2 millions.

Japanese Trade: The new trade arrangements have proved very successful and trade is going smoothly. Import Licences were issued for goods to the value of US\$6,314,159, approximately the same figure as for June; export contracts concluded totalled US\$ 5,898,787.

Two officials from SCAP arrived during the month to effect a reconciliation of Hongkong-Japan Open Account.

Revenue

The net total of revenue collected showed a considerable reduction as compared with last month, the largest percentage drop being in respect of duty on European-type liquor.

The number of illicit stills discovered was an all-time record at 96. The main centre of this industry is still in the Cha Kwo Ling area.

Seizures of smuggled Chinese and Macao cigarettes remain high, and there is little doubt that there is extensive smuggling. In two cases a total of 142,000 Macao cigarettes and 18,000 foreign cigarettes were discovered manifested as joss-sticks.

Import and export control

Licences issued totalled 9,950 namely 1,882 Import and 8,068 Export.

During the latter half of July there was a considerable increase in illicit imports of gold from Macao, and a number of male and female carriers were found with gold concealed inside their bodies. There were three major seizures; one of 91 taels countersunk in lead bars; another of 437 taels conceal-

The chemicals market reflected well conditions on most other commodity markets in Hongkong. A boom has set in shortly after the Korean war's start and there is no predicting when prices will come to a rest. All factors conspired to effect price rises which upset dealers and importers to no small extent.

Turnover was excessive, the largest since the end of the war. During August all sectors of the market have experienced continual demand and price hikes with little reaction. Buying power is strong and insistent. This boom contrasts with conditions before last June when holders were often unable to get rid of their goods even at heavy sacrifices; then, a slump prevailed in the

ed in a case of towels; and the largest of 780 taels hidden in a basket of tea-cakes.

There were six cases of attempting to export without licence, of which three were in respect of Diesel oil. One case was an attempt to export 30 sacks of broken rice, and here the magistrate ordered confiscation.

The export of any article to North Korea was prohibited by notification in the Government Gazette of July 8.

Supplies

Rice: Offtake of ration rice was only 8,148 tons. Imports of Government rice totalled 21,929 tons, so that stocks increased by over 13,000 tons. Storage space for the increased stock has been provided only with great difficulty, but it is hoped that the new Government godowns will be completed in August.

Commercial imports of rice from Siam totalled 4,105 tons.

Flour: The price of Government flour to distributors was reduced to 25 cents on July 5 but the reduced price excited little interest from buyers and only 889 tons were sold during the month. The price of commercial flour fell in sympathy.

Sugar: Sugar still continued in short supply on the local market and an additional 300 tons were released through retail organisations.

Fuel: Receipts of coal during the month totalled 3,046 tons against issues of 14,609 tons. All the month's receipts came from Palembang.

Industry

There was a large increase in the issue of Imperial Preference Certificates and Certificates of Origin, the number issued during July being 3,042 as compared with 2,763 in June. Almost two million yards of cotton piece goods were exported on such certificates, over 40 going to Pakistan.

The Industry Section of the Supplies and Distribution Department closed at the end of the month. Its records will be transferred to the Department of Commerce and Industry where they will ultimately form the basis of a reorganised and consolidated Industry Section.

market which depressed business life generally. Today, stock holders rule the market and dictate the price, being confident that their stocks appreciate as time passes. The next 2 months will witness firm conditions with further price appreciations though not at a tempo seen during August. A few items which rose too fast may register reactionary losses.

The stock position in China is considered low and therefore demand from Chinese factories and dealers is bound to continue buoyant. At the same time there is improvement in China's industrial life and new production which has led to stronger demand for industrial raw materials, especially chemicals. Consequently, the local chemicals market will derive further great benefits from the prosperous conditions in China's economy.

The end of the civil war and the successful implementation of economic policies of the new authorities in China is now being felt here. The Korean war has acted as a spark plug and has also introduced a new element into the market: hoarding and profiteering. Whilst most Chinese ports still cut off from outside contacts, Hongkong continues to serve as the supply base and almost all chemicals destined for China are channelled through this British colony.

Stocks have, by & large, declined so that new indents had to be rushed. New shipments are, for our eager merchants, too slow in coming and there are fears expressed that a variety of chemicals will be exhausted before new cargo can be received here. Holders are now exercising 'squeeze' tactics on the buyers and the buyers have no defence under present conditions. Foreign supply sources also tried to raise prices and in many items such increases were effected. Overseas sellers are closely following the present boom here and want to participate in it by asking higher prices which, when local stocks have come to near-exhaustion, cannot be well resisted by local brokers. At the same time the US Govt placed many chemicals under export control which also tended to lift the price of such items.

Apart from China export which was brisk and holds the spotlight, there were demands from India and Thailand which also caused the market to advance quotations. Bangkok is interested in stocking up all kinds of goods and chemicals have caught the fancy of a good number of commodity hoarders in the Siamese capital with the result of all-round price advances there. Significant is the insistence by Chinese buyers who now have Hongkong as their only supply base; many items which previously were imported into China from other ports (e.g. Japan) have now to be ordered in Hongkong (e.g. sodium nitrate). In this connection, one can see again how important is Hongkong, at least at the present juncture, for the economy of China and how empty are all anticipations of 'trouble' between Hongkong and China. In a way, this colony serves China as was observed

during the last war with regard to Switzerland and Germany. How long Hongkong will be able to obtain the goods required by China remains to be seen; but as long as it lasts, profits are made and merchants smile contentedly—when no Inland Revenue officers are around.

Market Review

Glacial acetic acid. Many thousand carboys and hundreds of drums were sold. Dutch origin or German origin 20 kg carboys sold from 81½ cents per lb up to 85 cents, and Italy origin 25 kg carboys sold from 80 cents up to 84 cents. The Canada origin 50 lb aluminium drums sold from 90 cents per lb up to 95 cents. As the market was active and Stock gradually declined, and new shipments unable to arrive within short space of time, the future market looks upward again. **Acetic anhydride.** Scores of tons business recorded. Market up step by step. USA origin 448 lb or 480 lb drums sold from \$1.38 per lb up to \$1.58, and 40 lb drums sold \$1.60. The Dutch origin 60 kg carboys sold a lot at \$1.55 per lb. **Zinc oxide.** Moderate business. Demand is not heavy but price upward. Dutch origin 25 kg or 50 kg bags sold from 91 cents per lb up to \$1.14. Japan origin 50 kg drums sold around \$1.10. South Africa origin white seal 1 cwt bags sold from \$1.05 up to \$1.20, whereas the gold seal is now about \$1.25. **Paraffin wax.** Market active, but price of higher melting point remained unchanged; the lower melting point moved upward due to stock being quite short. AMP 143/150 nine slabs to one carton sold a considerable quantity between \$74 and \$76 per picul, and AMP 160/165 of the same packing is about \$83 with smaller business. The AMP 130/135 semi refined machine sewn mouth gunny bags sold from \$69 per picul up to \$72, stock of which is almost exhausted. Slack wax Star brand 270 lb fibre drums sold a lot at \$59 per picul. **Sodium bichromate.** Market booming. Several hundred tons absorbed by Tientsin, Shanghai, and India buyers. As the indent price from the chrome metal production zone, South Africa, was raised, and heavy demands from many corners of Asia, and stock declined sharply, its future market is considered to advance once again. In a certain godown about 700 tons of chrome chemicals were stored in May but now no more than 150 tons are there. Among chrome chemicals over eighty percent is sodium bichromate, and the remainder is potassium bichromate, crystal or granular, and also potash chrome alum. Australia origin 560 lb drums sold from 71 cents per lb up to 93 cents. Australia origin was sold up to 80 cents, the South Africa origin 500 lb drums sold 65 cents per lb only. Buyers interested in South Africa because its price was cheap, but then South Africa raised from 65 cents per lb up to 81 cents, but at the week's end it came back to 78 cents. At present, the Australian origin is quite short, but South African origin is still sufficient to meet demands.

Potash chrome alum. As sodium bichromate successively advanced, buyers paid attention to this tanning material. It sold a few lots at 55 cents per lb for the Czech origin 200 kg wooden barrels. Now dealers asked 65 cents per lb, and some asked as high as 85 cents. As total stock amounts to scores of tons only, if substantial and urgent demands exist, the stock will be easily sold out. **Potassium bichromate.** Crystal form firstly German origin 700 lb drums sold \$1.16 per lb, and afterwards English origin 600 lb drums sold \$1.10. Now ICI 6 cwt drums sold from \$1.37 per lb up to \$1.41, the German origin may be sold \$1.50 now, as German product is of higher quality. The granular form 560 lb drums sold a lot at 97 cents per lb, now is about \$1.25. Moderate business was recorded, market firm with upward trend. **Chromic acid flake.** ICI 1 cwt drums sold a few lots at \$2.10 per lb. **Zinc chloride.** Moderate business with upward tendency. Belgium origin 1 cwt drums sold from \$1450 per long ton up to \$1590, and now bid about \$1700 without business. English origin 1 cwt drums sold from \$1250 per long ton up to \$1300, and now dealers asked \$1450. All above packing was of granular or powder form. **DNCB.** Market awoke again. Advanced slowly. English origin 300 kg drums sold from 85 cents per lb up to 95 cents, and USA Monsanto 600 lb drums sold from \$1.10 up to \$1.25. **Sodium bicarbonate.** When ICI Crescent brand 100 kg bags sold up to \$67 per bag as its stock was scarce, the buyers were compelled to buy the France origin of the same packing. When France origin was so popular, its price jumped up quickly from \$46 per bag up to \$58. At present Crescent brand 100 kg bags sold \$74 per bag. The 50 kg bags Crescent brand sold from \$33.50 per bag up to \$38. The market tendency is upward as demand is urgent and stock almost empty. Forward sale due Hongkong mid September of Crescent brand 100 kg bags sold a lot at \$45 per bag. Partly absorbed by Siam and partly by North China.

Sodium cyanide. Stock not much with occasional demands. English origin 1 cwt drums sold \$1.64 per lb. **Sodium potassium cyanide.** This double salt may be sold higher. English origin 1 cwt drums sold \$2.18 per lb. **Carbon black.** Stock continued short. Demands seemed smaller but market firm. Getz brand 187.5 lb cases sold from \$420 per case up to \$475. **Lithopone.** Market active firstly upward rapidly but coming down a little afterwards. Big business was recorded. German origin 250 kg or 100 kg wooden barrels sold from 38 cents per lb up to 65 cents and backward to 50 cents. German origin 50 kg bags sold from 40 cents up to 55 cents and backward to 58 cents. Dutch origin 50 kg bags is mostly welcome by North China buyers, sold from 40 cents up to 58 cents and now 54 cents available. **Sodium hydro-sulphite.** Continuous demands. As France origin 1 cwt drums stock scarce, and its price is approximate to that of USA origin 250 lb drums, most buyers interested in the latter. The former sold from \$211 per picul up to \$260 with

smaller business, whereas the latter sold from \$225 per picul up to \$285 with rather ample business. **Caustic soda solid.** Small quantity was absorbed by Canton but most part was exported to Siam. After the price advanced, there is no profit for the Siam exporters. They resell it in the local market and then the market dropped. As no import license is issued for this item by North and Central China authorities, and the consumption by Siam is limited, the future market in the coming two weeks will be on the easy side. USA origin 700 lb drums sold from \$95 per drum up to \$140 and now backward to \$130 without buyers. Crescent brand 300 kg drums sold from \$138 per drum up to \$185, and now \$160 is available. The Crescent brand 50 kg drums sold a lot at \$30.50 per drum.

Vaseline. Stock extremely short. It has established the highest price record since 1947. Snow white grade 400 lb drums sold from 70 cents per lb, up to 78 cents, and then \$1.05; the light amber grade 400 lb drums sold from 58 cents per lb up to 70 cents. **Cryolite.** This is a natural product. Its chief component is sodium fluoride and calcium fluoride. It is used in enamelware and glassware industry as an opaque colouring agent. Sometimes as a raw material for making hydrofluoric acid. 1 cwt bag packing was about \$550 per long ton. **Ammonium bicarbonate.** ICI stock quite short, other brands stock also declined. ICI 100 kg drums sold from \$90 per drum up to \$110, and 50 kg drums from \$47 up to \$56 drum now. Dutch origin or Poland origin 50 kg drums sold from \$41 per drum up to \$45. **Oxalic acid.** Occasional demands. Business contracted is not much but price climbed up slowly, as it is affected by the general tone. Crystal form 600 lb wooden barrels sold from \$1.20 per lb up to \$1.35, and granular form 200 lb barrels sold a lot at \$1.10 per lb only. Swatow buyers interested. Indent price for crystal form is now 75 cents per lb. **Phenol.** Stock very scarce. Indent price from USA raised about 50% as compared with the corresponding period of last year. Furthermore it is under export license system in America. Australia origin 448 lb drums sold a few lots, each business not over ten drums, ranging from \$2.45 to \$2.60 per lb. In Shanghai it is now sold HK\$2.70 per lb. Since March 1948 the present price is the highest. **Bleaching powder 35%.** As 70% continued to advance, and stock of 35% is short, when substantial demand on the market, the seller asked higher. ICI Red Heart brand 50 kg drums sold from \$36.50 per drum suddenly up to \$53, the 3.5 cwt drum sold from \$132 to \$138. USA origin 43 lb drums, quality is good but packing is not welcome by buyers, now also sold from \$12.50 per drum up to \$15.50.

Bleaching powder 70%. Although several shipments on way to Hongkong, and some have arrived, yet the market sold up greatly. USA origin 130 lb drums sold from \$2.60 per lb up to \$3.35, and Japan origin 50 kg drums sold lowest 94 cents per lb up to \$1.45, and now forward sale of which due

Hongkong a week later is asked by Siam and North and Central China buyers. **Soda ash.** Since Red China Government Hongkong representative bought a large quantity of ICI product and Siam exporters continue to buy for export, the stock declined rapidly. Furthermore, as many soda ash factories in America are on strike, no new output is expected soon, therefore the market was raised day by day. Crescent brand 90 kg bags dense grade sold from \$30.30 per bag up to \$54, and Magadi 90 kg sold from \$28 per bag up to \$37. The Crescent brand light grade 70 kg bags is about \$35 per bag. USA origin dense grade 100 lb bags sold from \$19 per bag up to \$26 now. **Extract of mimosa.** Elephant brand 1 cwt bags sold rather big quantity from \$110 per bag up to \$126. **Extract of quebracho.** Stock is quite short. Only small quantity was sold at \$132 per bag for the Crown brand 105 lb bags. **Citric acid.** Local demand with moderate business. Crystal sold from \$1.45 up to \$1.50 per lb, and granular sold \$1.30. All are of 1 cwt drums packing. **Glycerine.** Big tonnage licenses were approved for Shanghai tobacco factories, as it is used to moisten the tobacco leaves during the coming dry weather season. Small business was done on Pyramid brand 56 lb tins at \$1.75 on 10th August, and then big business was done on Dutch origin 250 kg drums BF quality. Price of the latter from \$1.72 per lb up to \$2.20, and some dealers asked as high as \$2.50. As the stock is not much, and good price in Shanghai, where sold \$7.80 per lb, the future market looks upward.

Shellac. Demanded by Tientsin. Superfine No. 1 quality sold from \$365 per picul up to \$500, and No. 2 quality of the same packing sold from \$400 to \$420. Forward sale of No. 1 quality due Hongkong early September sold from \$410 per picul up to \$430 now. **Borax.** Market active. USA origin 100 lb paper bags sold from \$21.50 per bag up to \$25 highest, and now \$23.50 available. Forward sale due Hongkong mid September is asked \$21.50 per bag. **Talc powder.** Siam exporters are interested. Korea origin 40 kg paper bags sold from \$155 per ton up to \$158. **Mercury.** Italy origin 76 lb iron bottles was sold at \$650 per picul. **Sulphur black.** A few weeks ago when new shipment arrived, the price dropped to \$280 per picul for the National's No. 693 100 catty drums. However, business was concluded at \$284 and moved upward to \$340, and then \$345 now. The tall drums sold \$305 per picul only. **Niagara blue.** National's No. 140 100 catty drums sold \$620 per picul. **Methyl violet.** English origin 100 catty drums sold \$680 per picul. **Camphor powder.** Taiwan origin 60 kg cases sold a lot at \$2.20 per lb. **Rosin.** Kwangtung native No. 1 quality sold hundreds of cases at \$34 per picul, and WG grade 515 lb drums sold \$76. **Sodium sulphide solid.** Hundreds of tons business was recorded. Market rapidly up at first and dropping down at week's end. As the actual requirement increases in the coming two months, it is expected more up. ICI Chinchin brand 5 cwt drums sold from \$590 per long ton up to \$760,

and Cross Key brand 6 cwt drums sold from \$600 up to \$810. The English origin 5 cwt drum also once sold \$730 per. long ton. Now as the stock of Chinchin brand is still plentiful, the stock holders offered cheaper and business concluded as low as \$680 now. The stock of Cross Key brand is short, it is also affected by Chinchin and dropped a little. A month ago this item was still prohibited to import by Canton authorities. As price rose there up to HK\$2700 per long ton, the em-largo was lifted.

Sodium peroxide. ICI 1 cwt drums sold a few lots ranging from \$2.20 to \$2.50 per lb. **Ultramarine blue.** Robin brand 2 cwt wooden barrels sold a lot at \$158 per picul. **Potassium carbonate.** Dutch origin 178 kg wooden barrels sold

70 cents per lb., but some sold as low as 55 cents. **Formalin.** Market has not been so strong as now since the first half year of 1948. Although new shipment arrived, yet price was enhanced. 448 lb or 493 lb drums sold from 55 cents up to 63 cents per lb, and forward sale due Hongkong mid September sold 50 cents. **Potassium chlorate.** Before August 20th USA origin 220 lb metal drums sold 70 per lb and 110 lb metal drums sold from 71 cents per lb up to 74½ cents. After that date the France origin Phoenix brand 50 kg cases sold a lot at 77 cents per lb., the USA origin all asked higher over 80 cents. USA origin 200 lb metal drums is now quite short in stock. **Ammonium chloride.** Small business was done on ICI 1.5 cwt bags at \$1080 per long ton. **Red amorphous phosphorus.** Marke-

moved up again. Considerable business was concluded. As Canada 110 lb cases sold in Shanghai at HK\$625 per case, many exporters are interested. Phosphorus is an expensive chemical, taking its cost as basis, the freight rate and insurance premium percentage is very low, that means to say, plus 10 to 20% of the cost is sufficient to cover all the freight and insurance from Hongkong to Shanghai. Japan origin sold from \$220 per case up to \$225, Canada origin golden lithographed tins sold from \$226 per case up to \$255, and now asked \$280. As the indent price of Canada origin is over \$275 per case, dealers who are not in need of money do not wish to sell it now. France origin Au Lion brand stock is short, and price is about \$315 per case. All are of 110 lb cases.

Sulphur powder. Hundreds of tons business resulted. USA origin 100 lb or 50 kg bags sold from \$14.60 per picul up to \$17.10 and now downward to \$16.20 only. **Saccharine.** Monsanto granular soluble 1 lb tall tins old packing once sold highest \$17 per tin. As new shipment, say 500 cases, will arrive in early September, here the market is dropping without buyers to \$12.30 now. Large customer is Japan and if no Japan interest, the market is unable to be stimulated in spite of North China and Malaya interests. **Sodium silicate.** Japan origin 330 kg drums sold \$130 per drum of fresh shipment. ICI Crescent brand 340 kg drums sold \$147. **Cocconut oil.** Singapore origin 400 lb drums sold \$130 per picul. **Sodium nitrate.** Market at standstill with occasional demands. Belgium origin 50 kg bags sold \$39 per picul, and 175 kg wooden barrels sold \$40. **Sodium acetate, anhydrous.** 230 lb fibre drums sold 58 cents per lb. **MBT.** English Monsanto 224 lb metal drums sold from \$2 per lb up to \$2.05. As inquiries still on the market, it is expected there will be a further advance. **Paraffin oil.** 51 gallon drums sold \$280 per drum. **Potassium ferrocyanide.** USA origin 390 lb fibre drums sold a lot at \$1.20 per lb. **Nitric acid.** It is the only depressed chemical during the past three weeks. As indent price from Japan dropped to 40 cents per lb cif Hongkong, and fresh shipments of Japan arrived, the market was spoiled. Spot goods of Dutch origin 80 kg carboys sold 45 cents per lb. **Sulphuric acid.** Although sulphur powder has advanced, yet this acid is sluggish without improvement. Local make 66 degrees milky color including packing sold 12 cents per lb. Export demand is small. **Boric acid.** USA origin 100 lb paper bags sold small lots at 74 cents per lb and bigger quantity at 64 cents. **Aniline oil.** Stock gradually declined. As most drums of this chemical are rusty and leaking, many dealers purchased it and poured it into new drums. Market advanced. Good drums sold \$1 per lb, whereas the leaking drums sold 55 cents up to 65 cents. As all the stock is stored in the open yard, and most drums are leaking, the aniline after long exposure to air and light gradually darkens in colour as deep as soy. **Nickel ammonium sulphate.** Canning's Albo brand 1 cwt cases sold \$145 per

Hongkong Commodity Reports

Cotton Piece Goods & Cotton Yarn

With Thai merchants out of the Cotton Piece Goods market as a result of import restrictions imposed by the Thai Government in an effort to stop the recent speculative rise in prices, and with substantial arrivals from Japan as well as from Shanghai, rates declined. In Grey Sheetings, Dragon Head fell to \$54, Mammoth Bird dropped to \$53, Blue Peacock and Butterfly and Globe to \$50, Double Flying Dragon and Five Lambs to \$49 and A.B.C. to \$46 per piece, while Japanese 2023 declined to \$50 and 2024 to \$53 per piece; in drills, Five Saints black fetched \$51 and blue sold for \$52 per piece, while Golden City dropped to \$47; in White Cloth, Angel Fish fell to \$50 per piece, Five Saints and Lady on Horse to \$51 each per piece and Nan Cheong to \$53 per piece; in Black Cloth, Double Golden Tael declined to \$53 per piece and Yu Tai and Amoy to \$50.

Brisk demands for Indian Cotton Yarn of 10 counts sent up prices: Chamundi Bangalore and Dawn Mills each rose to \$1040 per bale, Gokak Mills improved to \$1050 and Saree Hanuman to \$1030 per bale. In 20's, however, the tendency was for prices to fall on a dull market: Colaba Land & Mill, Cambodia and Karnalas fell to \$1110 per bale, Gokak and Lakshmi declined to \$1160, New City of Bombay dropped to \$1200 and Tug of War to \$1230 per bale.

Metals

Fears as to whether further restrictions might be imposed in Hongkong upon the exportation of Metals into Communist China, together with doubts as to obtaining early replenishments from abroad caused considerable advances. The new requirements by SCAP in regard to exports from Japan to Hongkong have also tended to increase existing prices; while not actually banning exportations to Hongkong, indentors will be required to give a written guarantee that the material is to be used locally. Combined with this, there has been a marked falling off of supplies from Europe and Belgium has already suspended accepting orders from Hongkong. This is due to the Belgian manufacturing plants being engaged to capacity filling European orders.

case. **Acetone.** 358 lb drums sold a lot at 95 cents per lb. **Sodium nitrate** North China and Taiwan buyers in the market. Singapore importers sold forward, due Hongkong early September, of 448 lb drums English origin at \$1280 per long ton. **Bright liquid gold.** Hanovia 28 gram bottle sold up to \$46.50 per bottle. **Stearic acid.** More inquiries came in. Australia origin single pressed 140 lb bags sold 92 cents per lb. **Cobalt oxide.** Vase brand 10 lb tins is about \$140 per tin.

Mild Steel Plates improved especially in the 4 x 8' 1/32" specification which towards the end of the week was quoted at \$75 per picul; 1/16" and 3/32" stood at \$70 with 1/8" at \$60, and 3/16" to 1/2" at \$51, while 5 x 10' in all specifications was quoted at \$52 per picul. **Galvanised Mild Steel Sheets** were in demand during the week resulting in an all round increase in price: Japanese 3 x 7' G24 sold at 72 cents per lb, G26 at 82 cents and G28 at 85 cents; G30 3 x 7' was also quoted at \$10.70 per piece with 3 x 6' at \$8.40, and Belgian 3 x 7' at \$10.50 per piece.

The demand for Mild Steel Round Bars threatened to outstrip supply. Traders were interested in 3/8" and 1/2" which were transacted at \$42 per picul, 1 1/4", 1 1/2" and 1 3/4" were quoted at \$43, while 5/8" to 1" stood at \$40. **Angle Bars** were transacted at \$39 per picul for 40' 2" and 2 1/2", and 30' 3".

Zinc Sheets were in good demand by buyers from the mainland who fear that replenishments will not reach the local market soon enough for their needs. The latest prices quoted for the Polish 3 x 8' specification G4 and G5 was \$230 per picul and G6 at \$220, the indent prices of the two latter standing at £185 and £175 per ton respectively; Belgian 3 x 7' G10 was quoted at \$185 per picul. Used Zinc Sheets were quoted at \$100 per picul.

Dealings in Galvanised Wire continued to be heavy due to the urgent needs of the military in China but the high prices demanded by traders restricted trading to some extent. Quotations were: European G6 \$60 per picul, G8 \$64, G10 \$68, G12 \$70, G14 \$80, G16 \$82, G18 \$85, G20 \$90, G22 \$95 and G24 \$105 per picul.

Tinplate Waste. Waste rose in price following an increase in the indent price resulting in USA 18 x 26", 22 x 26" and 25 x 28" (Coke) being quoted at \$127 per 200 lbs respectively; Bethlehem Steel Export Corp 18 x 24 200 lbs. stood at \$225 and Bat Brand 3-10" (Coke) at \$96. **Electrolytic Tinplate Bat Brand (USA)** 18 x 24" improved to \$115 per 200 lbs packing, and tonnage packing ordinary quality rose to \$105 per 200 lbs.

Cement

With arrivals of Cement from Japan, prices declined somewhat, Japanese 100 lbs. bags falling to \$4.70 per bag for spot and to \$4.30 per ton ex-godown, while Junk brand in 100 lb. bags fell to \$39 per ton ex-ship. Following this decline Indochina Dragon brand in 1 cwt. bags fell to \$5.70 per bag, and Danish Bate brand white cement sold at \$15 per 1 cwt. bag. Emerald brand (Green Island) cement in 94-lb. bags fell to \$5.85 (official price \$5.35), although the 112-lb. bags remained at \$6.80 (\$6.25) and Emerald-crete rapid hardening cement stood at \$7.70 per 112 lb. bag (official price \$7.25); Snowcrete British white cement sold at \$58 per drum of 375 lbs. nett

(\$55). Snowcem British cement paint was offered at \$58 per steel drum of 112 lbs. nett ex-godown.

Dyestuffs

Due to large demands for dyestuffs by dealers from China, particularly Shanghai, prices increased during the week and as supplies were low with some uncertainty as to when the market could be replenished local merchants were not eager to sell unless the price was sufficiently attractive. Dyestuffs of German, French, Italian and British origin were equally taken up, the American product being less so because of the prohibitive prices quoted. The majority of specifications showed a steady increase in price. ICI products were particularly in demand: Congo Red being transacted at \$670 per picul, Congo Red W66 for \$620, Thionol Navy Blue RL200 going for \$650 and Naphthalene Scarlet 4RS for \$900 per picul, while Caledon Blue RN 800 went for \$6,500 per picul; Indigo White 50% Paste sold at \$720 per picul and Indigo Vat 60% grains at \$950 per picul; Methyl Violet 2B lump 184 stood at \$900 per picul, Malchite Green AS at \$1,400 and Malchite Green S Cake at \$1,800 per catty. Nacco Dyes were all quoted at increased prices but little business was done: Carbanthrene Blue 2R 8248 was quoted at \$7,200 per picul, Erie Garnet B 125% 188 was offered at \$1,100 and Indigo 50% Paste 448 in 50 catty tin at \$760 per picul.

Paper

Due to the decrease in local stocks there has been heavy forward buying of all types of paper, but as European mills are unable to meet immediate demands buying for March delivery has been made during the past week. A general improvement in prices took place as a result of heavy demands from China, Thailand, Taiwan and the Philippines. Newsprint in sheets as well as newsprint in rolls improved in price during the week; Newsprint in sheets 50 lbs 31 x 43" rose to \$22 per

ream, Russian 45 lbs 30¼ x 42¾" to \$18.30 and 50 lbs 30¼ x 42¾" to \$19.50, while Japanese 48 lbs 30.5 x 42½" sold at \$18.50 per ream; Newsprint in rolls 52 grs. 31 in. and 52 grs. 43" rose to 43 cents per lb, 52 gr. 43" (Norwegian) to 44 cents, 30 in. and 42 in. to 39 cents. Cellophane paper 36 x 39 rose to \$103 per ream, the same specification of French, Italian and Belgian origin improving to \$78, \$77 and \$76, respectively; Polish and Czech stood at \$75 per ream; 36 x 39 British origin coloured improved to \$110 per ream. M.G. Sulphite paper followed the general trend upward, 40 lbs. brown 35 x 47 was quoted at \$27 per ream, 35 lbs. white 31 x 43 and 38 lbs. white 31 x 43 stood at \$21 and \$23 per ream respectively, 40 lbs. white 35 x 47 was quoted at \$26.20 and 47 lbs. white 35 x 47 at \$29 per ream, while 47 lbs. 35 x 47 in green and brown were quoted at \$30.50 per ream.

Rubber

A further increase in Rubber prices in Singapore due to strikes on Indonesian plantations and an improvement in the USA, was followed by an increase on the local market. Buyers, however, held off. At the close prices were: Smoked Rubber Sheets No. 1 \$400 per picul, No. 2 \$395, No. 3 \$390, No. 4 \$385 per picul. The falling off in orders from England for rubber shoes, caused a lack of demand by local factories for Sole Crepe Rubber, the price of which remained steady at \$340 for Malayan No. 2 and \$300 per picul for No. 3 and at \$450 per picul for the Indonesian product.

Gunny Bags

The market in Gunny Bags was very brisk with heavy purchases by dealers from Tientsin. At the close the price of Indian Heavy Cees 29 x 43 x 2½ lbs. 2" green (new) stood at \$3.25 each, while those from Nepal rose to \$3.35 with September forwards at \$3.05. Speculators were able to influence that market on the strength of

a report that the Indian Government might restrict the export of Gunnies. Buyers, however, were not impressed and refused on the whole to pay the higher prices demanded.

Vegetable Oils, Ores & Other China Produce

The market in Tungoil (Woodoll) started dull and the price fell to \$184.50 per picul. Later, however, trading became brisk with keen demands from the USA and Japan: Tungoil (Concentrate) sold at \$186 per picul and the export quality was offered at \$192; the US buying offer cif. New York rose to US 24 cents per lb. and the European cif. offer to £215 per long ton: Teaseed Oil 4% acid continued dull, with buyers uninterested at ruling prices. As a result of a price increase in Canton, local dealers quoted \$164 per picul, but counteroffers did not exceed \$160. Towards the close, the price fell to \$158 per picul and trading became brisk with an increase in the European buying offer to £175 per long ton c. & f. London. Rapeseed Oil 4% acid was active, and with a scarcity of spot supplies and few arrivals from the mainland the price rose to \$127 per picul; towards the close, however, trading slackened with the inability on the part of the dealers to supply sufficient oil of a low acidity, and the price fell to \$119 per picul, while the European buying offer c. & f. rose to £103 per ton. Linseed Oil rose to \$110 per picul, but closed at \$108 with slackening of buying interest. Aniseed Oil 15% was dull for the greater part of the week; some transactions took place at \$920 per picul, but offers on the whole remained at \$930 following an increase on the Canton market. Cassia Oil 85% was dull; sellers offered at \$1800 per picul but buyers refused to pay more than \$1750 per picul. Tunghing Copra Oil in drums rose to \$132 per picul.

With high stocks and a dull market, the price of Antimony 99% dropped to \$190 per picul, but at the close, with a revival of interest, a rise took place to \$200 per picul. Kwangsi Copper

(Coin) Ingots fell to \$135 per picul. China Pig Lead 99% declined to \$87 per picul. China Wolfram 65% rose to \$500 per picul. The demand for Tin Regulus 99% exceeds the supply, but following fluctuations on the London market the local price dropped to \$800 per picul, rising, however, at the close to \$820 per picul; Singapore Marked Banker was offered at \$850 for 99.75% and Yunnan 99% at \$795 per picul. A large quantity of China Tin for soldering arrived from the mainland, attracted by the high prices ruling and was soon absorbed by local dealers; 50% fetched \$350 per picul and 42% \$294 per picul.

Cassia Lignea came in for a dull week as a result of slackened buying by Pakistan and the USA upon satisfaction of their immediate requirements, and with large supplies reaching the market from Kwangsi: West River 1st quality 84-catty packing and the 60-catty packing each fell to \$68 per picul. Tunghing Cassia Scraped, with light dealings, rose to \$99 per picul and Cassia Unscraped to \$96 per picul. West River Cassia in bulk, declined to \$56.50 per picul. Gallnuts with falling stocks showed an increase in price on the few transactions that took place, Hankow 2nd qual. selling for \$134 and the Luichow product for \$135 per picul. East River Rosin rose to \$40 per picul. Szechuan Ramie with a cessation of demand from Japan dropped to \$140 per picul. Dealings in Aniseed Star were light, but lower stocks and the increased cost of fresh supplies kept prices up: Nanning 1st qual. rose to \$120 per picul and 2nd qual. to \$96, while the Tunghing product improved to \$110 per picul.

The buying demand for Feathers was keen, causing an improvement in prices: Duck Feathers 85% export quality rose to \$470 per picul against an increase in the US buying offer to US 60 cents per lb. c. & f., while Goose Feathers 85% fetched \$550 per picul against the US offer of 70 cents per lb.

With heavy buying from India, Raw Silk showed a considerable rise, especially as stocks are short: Kwangtung large filature 20/22 rose to \$2350 per bale. Silk Waste, which is also short, fetched \$900 per picul.

There was great activity in Bristles and prices improved: the Chungking product rose to US\$4 per lb., the Tientsin to \$6.85 and the Hankow to \$6 per lb.

Hides continued to enjoy a soaring market with local dealers endeavouring to fill Japanese requirements under the third quarter quota of 2000 tons. In view of the difficulty of obtaining adequate supplies, dealers were slow in accepting Japanese buying offers for November/December delivery under the fourth quarter import quota for Hides which has been set at 5000 tons. At the close, prices were as follows: Cattle Hides 5½ lb. light quality rose to \$735 per picul, 10 lb. medium quality improved to \$601 and 14 lb. heavy quality sold for \$526 per picul; Buffalo Hides 40 lbs. up fetched \$305.50 per picul, 30 lbs. up sold for \$299.77 and 20 lbs. up for \$222 per picul.

Financial Reports

HONGKONG FREE EXCHANGE & GOLD MARKET

Review for the two weeks August 14 to 26:—

GOLD:— During the period under review prices moved to lower levels and more in line with overseas crossrates. The local bubble burst and speculators were unnerved when no further support, among their own ranks, was forthcoming. Basically the recent gold price boosting was unsound and could only lead, after a shortlived artificial hausse, to disaster for those who were left holding bullion previously purchased at high prices or who had closed a position (overbought) from which they only could extricate themselves with losses. As there never was any scarcity in gold nor sterling (or HK\$) proved 'weak', the speculation (largely composed of immigrants from China) was always moving along on treacherously thin ice. Now it melted away under their feet.

With all the fantastic rumors and moron-like 'news comments' put out by the gold speculation the public was not impressed and no ounce of gold could be sold to China; the buyers were mostly local 'marginal hoarders'—this is a group of people who at first buy cash gold for the purpose of earning the daily change-over interest but who also may continue holding gold as an investment if they find conditions generally turning unfavorably (i.e. outbreak of war appearing likely). These 'marginal hoarders' were absorbing whatever new gold was imported here from Macao and it is these people who are now liquidating as they see that the unreasonably high price level here cannot be maintained in the face of a calm gold market in New York and elsewhere in this world of gold worshippers.

The constant imports of gold into Macao—reaching from beginning July to middle August, around 650,000 ozs—have proved to the gullible speculators here that there is plenty of that precious metal on sale and that Hongkong buyers have been made suckers of—not for the first time. Amidst wailings, forced liquidations have been taking place and there are many discreet reports of failures. Even Gold Exchange brokers' seats have slumped in value as few brokers, if any, hold that good business will result in the near future after the licking so many of the local speculators had been taking. While the highest price of a seat at the Exchange changed hands at \$65,000 some time ago, currently they are on offer at \$35,000.

Highest & lowest rates for the period under review per .945 fine tael \$317¼ — 294¼, equiv. to .99 fine tael and .99 fine oz prices of \$332.35 — 308.78 and \$276.19 — 256.61 respectively. The crossrates moved between US\$ 49¼, low; to 42¼, high. Cif Macao price ruled around 39½ — 39%.

Prices in Macao and Canton, per .99 fine tael, were 3 to 6% lower than in Hongkong, viz. \$312¼ — 301½, in Macao, and \$314 — 299, in Canton.

Forward interest totaled for the week August 14 — 19: 87cts. or 15% p.a., and for the week August 21 — 26: 87cts. or 12% p.a.

Forward contracts for the two week period: 664,000 taels (of .945 fineness), average daily position left open 176,000 taels.

Cash bars sold: 122,400 taels (of which officially listed in the Exchange 82,960). Of this amount interest hedgers took up 115,500 taels, exporters bought 3,900, and goldsmiths 3000 taels (as the public was selling many ornaments the goldsmith demand was small and is expected to be even smaller in the near future).

Imports from Macao exceeded 60,000 taels. The ready-trading stock increased here but particularly in Macao where gold storage spaces are congested. Exports from here during the two weeks under review totaled 17,900 taels (including the above 3,900 taels), which were shipped to Bangkok (16,400) and to Singapore (1,500). Differences paid on top of .945 fine bars for .99 fine bars ranged from \$10-11 and from \$14.30-14.80 respectively for bars without and with certificate testifying to the fineness of the gold to be exported.

Imports into Macao are transhipped either in Bangkok (the majority) or in Saigon. In the first case some 5 or 6 firms handle this business, i.e. the bringing in of gold from Europe or America to Bangkok, its temporary storage (in a specially constructed vault at the airport Don Muang) and eventual onward transport to Macao; in the latter case, the transaction is taken care of by the Banque de l'Indochine as agent for the importing firm. Regular air carriers bring the bullion to the Thailand and Indochina capitals and then Siamese or Macao owned flying boats take over for the transport to Macao from where the precious cargo, by devious routes, is partly moved into Hongkong where it is being taken up by the speculation, the native banks and the bullion brokers.

Highest & lowest rates, day by day, for gold (.945 fine tael) and TT New York:—

August		Gold		US\$	
		high	low	high	low
14	\$	317¼	313¼	647	643
15		313	309½	641½	639
16		311	305½	639¾	637½
17		307½	303	638¼	636¼
18		309½	305	642½	638½
19		309	305¼	641¾	640
21		307½	301½	642¼	639½
22		303	298¼	641½	640½
23		300¼	294¾	640½	638
24		301	297¼	640	638¼
25		302	298	641	639½
26		302½	300¼	641	640

US\$:	Highest & lowest rates for the week Aug. 14 - 19.	for the week Aug. 21- 26
US notes HK\$	640½ - 632	637½ - 632½
US DD	643½ - 634½	640 - 635¾
US TT	647 - 636½	642¼ - 638
Crosses US\$	2.472- 2.514	2.491- 2.507

Turnover for the two weeks under review:—US\$ 2,920,000 (of which in TT sector US\$1,440,000, rest in DD and notes).

In spite of weakening gold markets free market US\$ rates remained steady and the undertone is firm. Revived merchant demand was an important factor in the market; as commodity prices went up under pressure of buying from China new indents were closed and demand for US exchange became apparent. At the same time Bangkok importers who cover their requirements in Hongkong sold US\$ (the currency commonly held by the Chinese in Bangkok) here and thus steadied the market to some extent. Overseas Chinese remittances, once again more conspicuous in the market as the midautumn festival is approaching, were on offer and thus also offset the strong merchant demand. The Chinese Govt agents are regular buyers as many imports have to be paid for in US\$; their buying comes under the category 'general merchant demand'. Gold importers were still in the market for US\$ as they have to make payment for arriving bullion in Macao; this demand is expected to peter out shortly. There was, once again, some triangular sterling /US\$ business as a result of the unevenness in the local and overseas crossrates; in European exchange centres sterling quotes higher than here and it is thus profitable to buy sterling here against US\$.

BANK NOTES & DD:—Philippine pesos were down as a result of the expected action by Manila to curtail drastically exchange allocations for imports; then there are again flight capitalists moving money out of Manila although the authorities there have become more alert and mail censorship has been unofficially instituted which had the effect of stopping the receipt here of US payment scrips (in form of drafts) issued in Manila. The rate fluctuated between \$2.12-2.17½ per peso.

Siamese baht or tical notes were hardly in demand but free market TT is conducted on a large scale; rates being quoted here around \$27-27.60 per 100 baht or in Bangkok from 3.55-3.65 baht per HK\$1.

Bank note rates for the last 2 weeks (in HK\$):—Indochina .12-136, Indonesia, Nica guilder, 3½ to 3¾ per 100

guilders, Bank of England notes 15.45-15.70, Australia 12-12½, Canada 5.61-5.67, India 1.06-1.08½, Burmn .81, Ceylon .93-.95 (with hardly any offerings), Malaya 1.74½-1.77¼.

SILVER:—Rates per .99 fine tael \$4.72-4.75, per dollar coin 2.97-3.02½, per 20cts. coins 2.32-2.35. In Canton the dollar coin quotes at an equiv. of \$2.35; smuggling into Hongkong would appear to be very profitable under these price differences. Sales totaled 121,000 taels (mostly in coins). Exports to US are not reported, all silver being now shipped to London.

Silver trade in July:—total imports 144,203 ozs, valued at \$510,962 (all from South China and Macao), average value per oz \$3.54; total exports 1,039,755 ozs, valued at \$3,864,099, all shipped to London (463,007 ozs in bars, 576,748 ozs in coins), average price per oz \$3.71.

CHINESE EXCHANGE & FINANCIAL MARKETS

For the weeks August 14-26 there has not been any change in the official rates in China but the black market, especially in Shanghai, has collapsed and rates there are once again quoted in line with official rates. The nervousness arising from the Korean war developments has subsided and disheartening of US notes in Shanghai is noticeable. The official TT rates, since the downward revision of Aug. 7, are for New York PB\$ 32,200 and for Hongkong 4950. The black market quoted last week for US notes PB\$32,000 and for gold, per oz, PB\$ 1.3 million (a crossrate of US\$40½, approx. even with Hongkong from where, after all, financial directives are issued).

In Hongkong the free market transacted Chinese currency at rates from \$19.70-20.25 per 100,000 or PB\$4938-5076 per HK\$1. On the TT Shanghai market, however, slightly higher rates were in force, viz. PB\$5000-5500. An increasing amount of transfers is handled by officially authorised banks, the native exchange market being left out by the majority of the public.

Local native banks quoted on Canton, in terms of HK\$, at \$96.90-97.80 per 100 remitted from Canton, with total business reported at \$1.2 million; on Shanghai quotations for gold and US\$ ranged from 91½-93½ taels of gold, and US\$ 98-101 (for 100 in Shanghai) with very small amounts put through; on Taiwan rates were for gold 78½-82½, and for US currency 88½-92 (per 100 in Taipei), with very little business being done.

The decline in black market activity in Shanghai has had a sobering effect elsewhere in China's financial markets. The sudden rise in the US note price was a flash in the pan; the reticence shown by the authorities in Shanghai when the black market operators were boosting rates has had a beneficial effect on the public as it is being realised that the govt is confident of the strength of the People's currency which does not require any police action to make the people conscious of the intrinsic value of the PB\$. With an almost balanced budget and rising revenue, in spite of decreases in tax rates and temporary abolition of bonds subscriptions, the Chinese govt need not be worried about the antics of a black market. The behavior of the free market of Hongkong is in this connection significant; at times the free market rate is even lower than the official Chinese rate but usually the price for Chinese currency is at par with the official rate in Canton.

Hongkong Share Market

Purchases of stocks for investment were again in evidence on the Hongkong Stock Exchange and prices improved in consequence during last week. Business reported at \$473,549 was well above the weekly average for the past four months and the aggregate for the quarter reached a total of \$15,395,064. Investors appeared to be attracted by the shares of Hongkong utility companies. Some holdings in companies operating in Shanghai were also bought.

Prices ranged within the following limits:

Stocks	High \$	Low \$	Sales
H.K. Govt. Loan 4%	98	—	—
H.K. Govt. Loan	—	—	—
3½%, 1948	95½	—	\$30,000
Hongkong Bank	1130	—	60
Union Insurance ...	615	—	25
H.K. Fire Insurance	145	—	40
Asia Navigation ...	625	—	9,500
Hongkong Wharves	66	64	500
China Providents ...	9	—	500
Shanghai Docks ...	3.10	3	4,000
Wheelock Marden ...	19	—	100
Shanghai Gas	1½	—	1,000
Shanghai Lands ...	1.10	—	4,000
Pongkong Lands ...	32¼	—	100
Trams	10½	—	5,100
Lights, old	9.90	9½	800
Electrics	19¾	19½	4,919
Telephones	9¼	—	1,400
Cements	8½	—	7,800
Dairy Farm	10	9¾	1,200
Watson's	22	21¾	2,250
Sinceres	2½	—	130
Kwong Sang Hong	75½	—	22
EWG Cotton	2¾	—	3,800

HONGKONG'S SILVER TRADE IN JULY 1950

Silver (bars or ingots)					Silver coins				
Countries	Imports Quantity Ounces	Value \$	Exports Quantity Ounces	Value \$	Countries	Imports Quantity Ounces	Value \$	Exports Quantity Ounces	Value \$
United Kingdom	—	—	463,007	1,810,488	United Kingdom	—	—	576,748	2,053,611
Macao	110,163	407,205	—	—	China, South	22,984	69,737	—	—
					Macao	11,056	34,202	—	—
Total	110,163	407,205	463,007	1,810,488	Total	34,040	103,757	576,748	2,053,611

Singapore Stock Exchange

The Pan-Malayan Income Tax report published this week has excited considerable comment. Its most striking aspect was the large proportion of Tax derived from Companies. Out of Singapore's total of \$26,059,416, 662 Companies contributed \$16,673,315. While at the other end of the scale 8,099 individuals in the lower brackets were dealt with for \$2,357,362. Obviously, the latter paltry gleanings cost the bulk of the Departmental expenditure of \$580,206. The lesson from these figures is that the individual in the lower categories is not worth "powder and shot" and that the tax from Companies provides such a preponderance that it behoves Government to take very great care to maintain conditions congenial to production of these golden eggs, collected with so little trouble and cost. During the visit of the Secretary of State for the Colonies a group fairly representative of the Tax-contributing Companies indicated to him the conditions necessary to a continuance of their prosperity. And during the year an ECAFE group has enquired as to the investment climate in which full development of Malayan resources will proceed. The answers given ECAFE were practically identical to the advice tendered Mr. Griffiths. In his case, however, it is felt locally to be increasingly apparent that the advice went unheeded since it is no longer a secret that he has "suggested" for next year a doubling of the present 20% impost on Companies. Capital in this region is faced with a sufficient deterrent in the political portents without doubling the fiscal burden. If the Legislative Councillors adopt the Whitehall "suggestion," then they may be quite certain that they will sound the death knell of future development of Malayan resources by outside capital and also the knell of our wonderful goose—the entrepot trade.

Of Tin it may be said that the very spectacular rise in London—to which the local metal responded—can be traced to the sudden disappearance from the London market of the Ministry of Supply as a seller. So long as the large stocks of the Ministry overhung the market it would have been rash for London dealers to accumulate metal and accordingly little was laid in, so that the politically stimulated demand found a cupboard bare. In the end it was trade, not official supplies, which curbed the advance. No finger can be pointed at the functioning of the metal trade when it has to contend with the erratic operations of an agency which controls stocks, acquired cheaply during a period of fixed prices, but withholds them in times of extreme demand.

Rubber shares were a quiet lot, holding generally steady, with enquiries tending to become more selective.

Investors again operated in Industrials, taking in several large parcels at attractive prices.

Sellers of Loans continue to preponderate and lists of offerings are lengthening.

BUSINESS INFORMATION ON THAILAND

ALIENS IN THAILAND

Under the present Thai constitution, there are no constitutional provisions relating directly to rights and privileges of aliens. The Civil and Commercial Code, published in six books between 1925 and 1935, is the basic Thai document prescribing the rights of individual citizens to reside and carry on business in Thailand. Under the Thai judicial system as set up in 1935 and revised in 1942, there are three classes of courts to which a foreign national has recourse: (1) First Instance (local and provincial courts), (2) Court of Appeals (higher court in Bangkok), and the Dika court, the highest in the land.

Treaties Extending Rights to Foreign Nationals

Rights and privileges enjoyed by the Thai people to engage in business are usually extended on a reciprocal basis to aliens through treaties of commerce signed between Thailand and individual foreign countries.

Rights of foreigners to do business in Thailand are defined in various Treaties of Friendship, Commerce and Navigation between Thailand and foreign govts. Every treaty embodies the "most-favored-nation" clause, which provides equal treatment for foreign interests, but maintains certain restrictions such as that discussed below.

"The nationals, including corporations and associations, of either High Contracting Party shall enjoy in the

territories of the other Party, upon compliance with the conditions there imposed, most-favored-nation treatment in respect of the exploration for and exploitation of mineral resources; provided that neither Party shall be required to grant rights and privileges in respect of the mining of coal, phosphate, oil, oilshale, gas and sodium on the public domain, or in respect of the ownership of stock in domestic corporations and associations received from the other Party. It is understood, however, that neither High Contracting Party shall be required by anything in this paragraph to grant any application for any such right or privilege if at the time such application is presented the granting of all similar applications shall have been suspended or discontinued."

Restrictions on Commercial Activities of Aliens

The Act for the Control of Commercial Undertakings Affecting the Public Safety or Welfare, B. E. 2471 (1928), provides that no person may carry on in Thailand a commercial venture associated with a public utility without a royal sanction or concession. Classified as public utilities within the meaning of this Act are railways, tramways, canals, air transport, water supply, irrigation, electric power supply, and such other undertakings affecting the public safety or welfare as may, from time to time, be specified by royal decree. In granting a royal sanction or concession, the Government may impose such conditions as are deemed necessary for the public safety or welfare.

Enterprises such as insurance, banking, credit foncier (land and mortgage bank), or the like, may be engaged in only in accordance with the provisions of special laws governing such enterprises.

The Thai Mining Act of 1919, as amended, stipulates that all lands and minerals in the Kingdom of Thailand are crown property, and the right to prospect, explore, or mine must be expressly granted by the Government. The act also states that any person who has acquired the right to occupy land for any other purpose must first obtain Government permission to prospect or mine such land. Leases must be obtained from the Forestry Department for teak exploitation.

A special committee appointed by the Government has recommended restricting the ownership of certain industries to Thai nationals. Should this measure become law, only firms owned by Thai could engage in such occupation as forestry, charcoal production and distribution, ice-making, soft-drink bottling, syrup and flavoring manufacture, and printing in the Thai language. Rice mills and sawmills would require 25 percent Thai ownership.

Prices during the week ended 19th August ranged within the following units:

	Buyers (\$ M.)	Sellers (\$ M.)	% Yield base on last year's dividend
Alexandra Brick-works, Ltd.	1.90	2.0	10
Consolidated Tin Smelter, Ltd., (sterling denomination)	16/9	17/9	9
Fraser & Neave, Ltd.	2.85	2.90	7.2
Gammon (Malaya) Ltd.	2.15	2.20	13.6
Henry Waugh & Co., Ltd.	1.75	1.80	13.9
H.K. & S. Banking Corporation	610	625	6.8
Malayan Breweries, Ltd.	4.70	4.80	6.3
Malayan Collieries, Ltd.	1.45	1.50	6.7
McAlister & Co., Ltd.	37.50	38.50	6.5
Overseas Assurance Corp., Ltd.	10.75	11.25	2.7
Oversea Chinese Banking Corp., Ltd.	61.50	62.50	6.7
Raffles Hotel, Ltd.	2.45	2.55	7.8
Singapore Cold Storage Co. Ltd.	4.40	4.50	6.7
Singapore Traction Co., Ltd., (sterling denomination)	13/-	14/-	—
Straits Steamship Co. Ltd.	14.75	15.25	6.6
Union Insurance Society of Canton, Ltd.	305	315	4.4
Wearne Brothers, Ltd.	2.45	2.50	10

Practice of professions.—There are no regulations which forbid aliens the right to engage in professions such as medicine, pharmacy, or law. The practice of such professions is, however, subject to license, and in some cases special requirements exist for aliens. For example, an alien doctor, in order to qualify for a license to practice medicine in Thailand, must have received a degree in medicine and must have been licensed to practice in his own country.

Restriction on employment of aliens.—A decree reserving certain occupations for the Thai people was promulgated early in 1949, providing that after March 1950 only Thai may engage in the following occupation: (1) Making images of Buddha; (2) the lacquerware industry; (3) the nielloware industry; (4) operation of tricycles for public transport; (5) operation of public motor tricycles; (6) operation of public motorcars and busses; (7) rice cultivation; (8) the salt industry; (9) Thai type setting; and (10) the occupation of hairdresser and barber.

These measures are indicative of an increased concern on the part of the Thai Government concerning the scope of participation of foreign business in Thailand. While these laws and decrees restricting foreign activity are nondiscriminatory with regard to nationality of the alien, in practical application they affect Asiatics, particularly Chinese, almost exclusively.

EXCHANGE

There are no regulations which forbid the remittance of profits or removal of capital. Both are ordinarily transferred at open-market exchange rates.

The basic monetary unit of Thailand is the baht, or tical, equal to 100 satangs. On September 26, 1949, Thailand fixed its exchange rate at 12.50 baht to the United States dollar and 35 baht to the pound sterling, as compared with the previous rates of 10 baht to the dollar and 40 baht to the pound. There exists in Bangkok also a legal open-exchange market.

Exporters of all but three products are permitted to utilize their foreign exchange earnings as they see fit. Exporters, however, are required to surrender to the Bank of Thailand 100 percent of the foreign exchange proceeds from the export of rice, 50 percent from tin, and 20 percent from rubber, accepting payment for these percentages in baht at the official rate of exchange. Some restrictions are inherent in import control regulations, which require a license for the import of certain luxury items, such as automobiles and motorcycles.

Foreign exchange is made available by the Bank of Thailand at the official rate for the following purposes: (1) The import of petroleum products; (2) requirements of public health bodies and institutions; (3) education requirements (a) for Thai students abroad, including cost of passage

and living expenses, and (b) for Thai students taking correspondence courses; and (4) the import of books, papers, and periodicals for public libraries and for private use. All others must obtain their foreign exchange on the open market.

BUSINESS ORGANIZATION LAW

All usual forms of business organization are permitted in Thailand, including (1) proprietorships, (2) partnerships, both unlimited (called ordinary partnerships) and limited, and (3) corporations (called limited companies).

Under provisions of the Business Registration Act of B. E. 2479 (1936) as amended by the Business Registration Act (No. 2) of 2490 (1947), all commercial and industrial enterprises must be registered in a business registration office of the Ministry of Commerce. Likewise, a foreign firm wishing to establish a branch in Thailand is required to register the branch with the registrar of the locality where the branch is to be situated within 30 days after commencement of business. For Thai purposes, this branch would be the head office. Information regarding documentary requirements and authorization with respect to this registration should be requested from the Central Business Registry, Department of Business Registration, Ministry of Commerce, Bangkok.

General provisions for registration.—The following undertaking are considered commercial business within the meaning of the act: (1) Buying, selling, and manufacturing establishments; (2) rentals; (3) brokers or general commission agents; (4) transportation; (5) auctions; (6) banks and banking companies; and (7) insurance.

Registration is preferably the responsibility of the owner or manager of a business, but may be delegated to a responsible employee. The forms must be signed by the owner, unlimited partner, manager, or director, according to the type of organization. The registering officer may at his discretion require the presence of the owner.

Any merchant who fails to register under this act is subject to a fine not exceeding 500 baht. "Merchant" is defined under the act as "a natural person or a juristic person who carries on a commercial enterprise as a regular occupation, and includes partner (except those whose liability is limited), directors, or managers."

Registration fees.—Fees for registration are based on the following schedule: (1) Registration of memorandum of association: 100 baht on capital of 100,000 baht or less, and 10 baht on each 10,000 baht over 100,000 baht; (2) registration of corporations (limited companies): 100 baht on each 100,000 baht or part thereof; and (3) registration of increase of capital: 100 baht on each 100,000 baht or part thereof.

Registration fees are charged for numerous transactions, such as inspection of documents, application for registration certificates, and making copies of or certifying documents kept by the registrar.

Proprietorships.—No special prerequisites are required for individuals to establish a proprietorship. A natural person who carries on commercial business shall register the following items with the business registrar of his locality: (1) Name, age, race, nationality and address of the merchant; (2) business name, if any; (3) nature of commercial business; (4) head office, branch office, and commission agents; (5) date of commencement of business in Thailand; (6) date of application for registration; and (7) commercial business previously carried on (if any), place of business, date of termination of such business, and causes thereof.

Ordinary partnerships.—An ordinary partnership is that kind of partnership in which all the partners are jointly and unlimitedly liable for all the obligations of the partnership. It may or may not be registered with the Registration Office in the district in which it is situated (Civil and Commercial Code, Book III). If the ordinary partnership is registered the entry must contain the following particulars: (1) The firm name of the partnership; (2) its object; (3) address of the principal business office and of all branch offices; (4) full names, addresses and occupations of every partner; if a partner has a trade name the entry in the register must contain his name and his trade name; (5) names of the managing partners, in case fewer than all of the partners have been appointed as such; (6) restrictions, if any, imposed upon the powers of the managing partners; and (7) the seal or seals which are binding on the partnership. The entry may contain any other particulars which the partners may deem expedient to make known to the public. The entry must be signed by every partner and must also be sealed with the common seal. A certificate of registration will then be delivered to the partnership.

Limited partnerships.—A limited partnership is that kind of partnership in which there are (1) one or more partners whose liability is limited to such amount as they may respectively undertake to contribute to the partnership and (2) one or more partners who are jointly and unlimitedly liable for all the obligations of the partnership. A limited partnership must be registered. The entry in the register must contain the following particulars in addition to the items required for registration of an ordinary partnership: (1) A statement that the partnership is a limited partnership; (2) amount of contribution of partners with limited liability.

Corporations (limited companies).—A corporation (called a limited company in Thailand) is one which is formed with capital divided into equal shares, the liability of the shareholders being limited to the amount, if any,

remaining unpaid on the respective shares. Any seven or more persons may, by subscribing their names to a memorandum and otherwise complying with the provisions of the Civil and Commercial Code, promote and form a corporation (limited company).

The memorandum must contain the following particulars: (1) The name of the proposed company, which must always end with the word "limited"; (2) the part of the Kingdom in which the registered office of the corporation shall be situated; (3) the objects of the corporation; (4) a declaration that the liability of the shareholders shall be limited; (5) the amount of share capital with which the corporation proposes to be registered, and the division thereof into shares of a fixed amount; (6) the names, addresses, occupations, and signatures of the promoters and the number of shares subscribed by each of them. The memorandum must be made in at least two original copies and signed by the promoters; and the signatures shall be certified by two witnesses. One of the copies of the memorandum must be deposited and registered at the local registration office.

No invitation to subscribe for shares may be published before registration of the memorandum. Every prospectus, notice, advertisement, or other invitation to subscribe for shares must be dated and signed by the promoters of the company, and registered before publication.

The memorandum having been duly registered, the promoters may desire to extend to the general public an invitation to subscribe for shares in the company, in which case a prospectus shall be issued bearing the date of issue and the signature of all the promoters, and containing the following information: (1) Contents of the memorandum; (2) the amount payable in money on each share before the registration of the company; (3) the number and amount of preferred shares, if any; the nature and extent of the preferential rights accruing to such preferred shares, and the reason why their issuance is proposed; (4) the number and amount, if any, of ordinary shares or preferred shares to be allotted as fully or partly paid up otherwise than in money, the extent to which they shall be considered as paid up, and a description of services or property in return for which shares are proposed to be allotted; (5) the amount or estimated amount of preliminary expenses; (6) the amount, if any, intended to be paid to any promoter and the reasons for such payment; (7) full particulars of the nature and extent of any material contracts entered into by the promoters whether in their own names or in the name of the company in connection with the promotion, management, or the future business of the company.

When the total number of shares mentioned in the memorandum has been taken up, the promoters must call without delay a general meeting of shareholders, technically known as a statutory meeting, by forwarding a

statutory report to each shareholder at least 7 days in advance of the meeting. The report must be certified by the promoters and contain all the particulars of the business to be transacted at such statutory meeting, and a copy of the statutory report must be filed simultaneously with the Registrar of Companies.

After the statutory meeting, the promoters must hand over the business to the directors, who shall then receive from all the subscribers, including the promoters, paid-up stock in an amount representing at least 25 percent of the capital stock designated in the prospectus as payable before registration. If the directors do not attend to the registration within 3 months of the statutory meeting, the company is not regarded as formed, and the directors must return to every subscriber the full amount received from him.

In applying for registration of the company, the following particulars must be furnished: (1) The total number of ordinary shares and the total number of preferred shares subscribed or allotted; (2) the number of ordinary shares or preferred shares allotted as fully or partly paid up otherwise than in money, and in the latter case the extent to which they are regarded as paid up; (3) the amount already paid in money on each share; (4) the total amount of money received from the sale of the shares; (5) the names, occupations, and addresses of the directors; (6) if the directors have power to act separately, their respective powers and the number of and names of the directors whose joint signature is binding on the company; (7) the period, if any has been fixed, for which the company is formed; and (8) the addresses of the principal business office and of all branch offices, if any.

The application for registration must be accompanied by a copy of the regulations, if any, and of a report of the proceedings of the statutory meeting, both instruments being certified and authenticated by at least one director. Ten copies of the memorandum and of the regulations, if any, must be deposited at the registration office. Any change of particulars as specified in the above details, or termination of business for any reason, must be registered within 30 days.

Associations.—Nonprofit undertakings, which are classed as associations, must be registered as such and be bound by articles of association or incorporation. These articles must specify at least the following points: (1) The name of the association; (2) the object; (3) the address of the principal office; (4) rules for the admission and exclusion of members; and (5) rules for the management of the association by committees, directors, or otherwise.

Accounting Records.—All business concerns operating in Thailand are required to keep in the Thai language a full record of revenue and expenditures. No special forms are prescribed, and the usual accounting methods would appear to be satisfactory.

With reference to corporations (limited companies), an audited balance sheet containing a summary of the assets and liabilities of the company must be made at the end of the company's fiscal year, and submitted for inspection at a general stockholders' meeting within 4 months after the fiscal period, together with a report on corporation business during the year in review. A copy of the balance sheet must be sent to every person entered in the register of shareholders at least 3 days before the general meeting. Copies must also be kept open at the offices of the company during the same period for inspection by the holders of certificates to bearer. The directors of a limited company must enter minutes of all proceedings and resolutions of meetings of shareholders and directors in the books which are to be kept at the registered office of the company.

TAXATION

The principal taxes affecting business enterprises in Thailand are the income tax, business premises tax, and stamp tax.

The Revenue Code of 2482 (1939) as amended in 2489 (1946) is the basic income tax law. Every citizen or resident of Thailand is subject to a tax on his income which has its origin in Thailand or which accrues to him outside Thailand. Juristic persons, i.e., partnerships and corporations, doing business in Thailand are also subject to tax. The tax is imposed in terms of a standard rate for a year of assessment which runs from January 1 to December 31. Any person residing in the country for a period or periods aggregating 6 months in any one taxable year is considered a resident. Non-residents earning taxable income in Thailand are also subject to the provisions of the Revenue Code Act.

The business premises tax is an annual levy based on rental value of the premises used in the business.

The stamp tax requires the affixing of a revenue stamp to any paper that involves payment of money, such as a bank check, receipt, or letter of credit.

Personal Income Tax:—Natural persons, including proprietorships, are subject to tax on their "assessed" income, and includes salary or wages, interest, rent, dividends, fees for professional services, and earnings from other sources, such as agriculture or trade. Certain necessary expenses connected with the operation of the business, such as traveling expenses, may be deducted from the assessed income.

Fixed deductions are allowed in computing the assessed income from certain occupations. The amount of the deduction depends upon the source of the income. The specific deductions are as follows: Income from rent, 20 percent; from professions, 25 percent; from trade or manufactures, 75 to 90 percent according to the type of enterprise. If the income is remuneration for services rendered and is received as salary, annuity, gratuity, pension,

or house allowance, a personal deduction of 20 percent is allowed. These standard deductions are provided to cover necessary expenses involved in earning the income in question. There is allowed a personal deduction of 1,200 baht, with an additional deduction of 600 baht for a wife (or husband) and 400 baht for each child.

The "ordinary" tax rate for natural persons and proprietorships is 6 percent for the first 1,000 baht and 10 percent for all income above that sum. A graduated surtax applies to each bracket of taxable income as follows:

Baht	Percent
5,001 to 10,000	12
10,001 to 15,000	16
15,001 to 20,000	20
20,001 to 30,000	25
30,001 to 40,000	30
40,001 to 50,000	35
50,001 to 70,000	40
70,001 to 100,000	45
100,001 and over	50

Limited companies, juristic persons, or partnerships carrying on a professional practice that by law or nature can be performed only by qualified natural persons are subject to the personal tax rather than the corporate tax.

Income Tax of Partnerships and Corporations:—Partnerships and corporations are regarded as the same for income tax purposes. In the case of juristic persons, i.e., partnerships and corporations doing business in Thailand, no judicial or administrative definition of "doing business in Thailand" is available, but from the specific provisions of the law has emerged the broad position that: "In the case where companies or juristic partnerships established under foreign laws make profits or benefits in Thailand through any person, whether a natural person, a company, or a juristic partnership, who carries on a business in Thailand in the capacity of employee or representative or who has relations with them, such companies or juristic partnerships established under foreign laws shall be deemed to be carrying on business in Thailand." (Section 76 of the Act of 2482 [1929].)

"Where companies or juristic partnerships established under foreign laws and carrying on no business in Thailand receive income derived in Thailand from the sources specified in Section 65 (income under Section 65 refers to the net income of juristic persons), the persons paying the income under Section 65 shall make income tax deductions at the source by making payment of 20 percent of the income at the Amphur Office within 7 days from the date of making the payment." (Section 76 of the Act of 2489 [1946].)

Corporations and limited partnerships:—A corporation of limited partnership (Section 66 of the Revenue Code Act) established under the law of Thailand or under the laws of foreign countries and carrying on business in Thailand pays income tax on the taxable income derived in Thailand at the rate of 20 percent.

In addition to the tax at the standard rate of 20 percent of taxable income, special undertakings such as banks, credit fonciers, and insurance companies are liable to a special assessed tax which is described in the section dealing with Thai branches of foreign firms of this special type.

The taxable income for all corporations and limited partnerships, established under the laws of Thailand and operating in Thailand only, is calculated as the total involved in the following transactions as set forth in Section 65 of the Revenue Code: (1) interest paid on bonds, debentures, or capital loans; (2) dividends, profits, or bonuses paid out, increase of capital derived from profits, reserves set aside from income, reduction of capital by payments to shareholders; (3) financial benefits derived from amalgamation, dissolution, or absorption of companies or partnerships where assets are valued at a figure higher than the share capital. The standard tax rate of 20 percent is then applied to the taxable income.

The treatment of interest on loan capital is the opposite of United States practice. It would also appear that any income not paid out in a given year is taxed in the year that it is converted to capital or reserve, and taxed again when it is eventually paid out. There is no separate capital gains tax.

Thai branches of foreign firms:—For corporations or limited partnerships under the laws of foreign countries and carrying on business in other places as well as Thailand (Section 67 of the Revenue Code Act) the proportion which the total gross income derived from the business in Thailand bears to the total gross income of the company shall be used as the basis for calculating the taxable income. The tax liability is derived by dividing the gross income in Thailand by the total gross income of the company, and multiplying the quotient by the company's world-wide net profits. Twenty percent of the result (which is the taxable income) is the amount of tax due.

If a foreign company does not do business in Thailand but derives income from the sources named in Section 65 of the Revenue Code, as would be the case were local operations conducted by a subsidiary company incorporated in Thailand, it appears that the subsidiary would pay tax on its net product, and is furthermore liable to an additional tax amounting to 20 percent of the portion of that income remitted to the parent company. Although the principle in calculating income tax liability of Thai branches of foreign banks, insurance companies, credit fonciers, and savings banks is the same as that for Thai branches of other types of foreign firms, in computing the taxable income for these special firms, sums other than the gross income are used in the proportion which the local income bears to the world-wide income of the company.

Commercial banks:—Deposit banks or deposit and exchange banks which are juristic partnerships or corporations, and are also branches of foreign

firms, compute their taxable income by determining the proportion which the total deposit in the current accounts and deposit accounts in Thailand bears to the bank's world total of like deposits on the closing date of the accounts of a period of 12 months ending prior to the payment of income tax. The taxable income is then subject to a tax of 20 percent as is the income of other juristic persons doing business in Thailand. Minimum tax payable, however, shall not be less than 3,000 baht. If the bank is exclusively an exchange bank, the proportion of the total of exchange business shall be considered.

In addition, the bank is also liable to an assessed tax for the current year of 4,000 baht if it was operating in the preceding fiscal year. If its transactions in the preceding year included exchange business, it is liable for an additional tax of 2,000 baht for every million baht or a fraction thereof of exchange transacted. (Section 95 of the Revenue Code Act.)

Credits fonciers:—The Thai branch of a credit foncier's taxable income is also computed as a proportion of the local sum loaned to the total world-wide sum loaned by the firm on mortgage of immovable properties and the money invested for acquiring profits from immovable properties remaining outstanding in the account books on the closing date of the accounts for a period of 12 months ending prior to the payment of income tax. The tax rate is 20 percent of the taxable income.

In addition, a credit foncier shall be assessed a tax at the rate 1/48 of 1 percent of the sum loaned on mortgage of immovable properties, and the sum invested for acquiring profits in immovable properties in Thailand in the preceding year, that is, the total of such sums outstanding in the account book on the last day of the month. (Section 96 of the Revenue Code Act.)

Savings banks:—If the corporation or juristic partnership is a savings bank, and a Thai branch of a foreign firm, the taxable income is based on the proportion which deposits in the Thai branch bear to the total sum outstanding in the account books to the credit of the depositors on the closing date of the accounts for the 12-month period ending prior to the payment of the income tax. The tax rate is 20 percent of the taxable income.

In addition, savings banks shall be assessed a tax at the rate of 1/36 of 1 percent of the total outstanding credit account of depositors in Thailand on the last day of the month in the preceding taxable year. (Section 97 of the Revenue Code Act.)

Insurance companies:—The ratio between premiums which the local branch collects and the total amount of premium collected by the foreign firm is to be considered in calculating the taxable income for a corporation or juristic partnership engaged in the insurance business. The tax rate is 20 percent of the taxable income.

In addition, Section 98 of the Revenue Code Act provides that all insurance businesses, except life, shall pay an assessed tax at the rate of 2 percent

on premium collected in the preceding tax year, irrespective of whether the premiums were received in cash or on credit. Premium returned to the insured within 6 months from date of payment are exempt from this ruling. The assessed tax rate for life insurance companies is 1 percent.

BUSINESS REGULATIONS

Business Premises Tax:—A business premises tax is levied on "business houses," factories, and signboards, and is computed on the basis of the annual rental value of the premises used for business purposes. Insurance or other payments by the tenant are added to the actual rent in arriving at the taxable value.

The value of a shop in the preceding year is considered as the basis for assessment of tax, and is taken as the sum of money a shop can be expected to realize for the whole year if rented. In the case of a shop for which the value for the preceding year cannot be determined, the actual value for the taxable year is taken as the basis for making assessment. A shop which is not the dwelling place of the taxpayer is taxed upon 50 percent of its value. A shop which is the dwelling place of the taxpayer is taxed upon 40 percent of its value. A shop the value of which is under 120 baht is exempted from the tax unless the taxpayer carries on business in several shops and the total value of such shops amounts to 120 baht or more.

The rates of the business premises tax on factories are as follows: (a) Maximum capacity of machinery in 24 working hours in the preceding year calculated by kwien (approximately 1 metric ton): 20 baht per kwien per year; and (b) average number of employees in the preceding year: 10 baht per head per year.

The business premises tax for plants for grinding stones, mining, or other industrial plants is based on: (a) Maximum power of machinery in the preceding year calculated by horsepower (rate unavailable); (b) average number of employees in the preceding year, 10 baht per head per year; (c) if either machinery or manual labor is solely employed, the tax is collected on the basis of either (a) or (b) singly, as the case may be.

In the event that a factory starts operation between the first of January and the thirtieth of June in any taxable year, the basis for assessment is the first month of operation. If a factory's products are sold either at the factory or at a shop provided for the purpose, the business premises tax is applicable only at the factory.

Signboards on or about the business premises are taxed separately at 5 baht for each 500 square centimeters when English letters as well as Thai appear on the sign.

Stamp Tax:—The stamp tax requires the affixing of a revenue stamp to any paper that involves payment. Depending on the nature of the instrument, this tax may be considered a transfer, excise, or sales tax. Receipts, duly stamped, are compulsory in all transactions involving 5 baht or more, in-

cluding retail sales. Some of the numerous documents requiring stamps are negotiable instruments, travellers' checks, contracts, etc.

The value of the stamp required varies with the instrument, but in general is from 0.01 percent to 0.025 percent of the face value. Bills of exchange, bank checks, power of attorney, letters of credit, and certain other documents have a fixed fee of from 0.05 to 1 baht regardless of face amount.

Penalties are provided for both the drawer and recipient of an unstamped instrument, and an unstamped document enjoys no legal validity.

Although the Thai Government has stated that it welcomes private foreign investment capital, terms and conditions under which such capital might go into Thailand for development purposes remain unclarified.

Tariff Policies:—Import duties are generally for purposes of revenue rather than for protection of local industries. A few changes in import duty rates effected early in 1949 have been construed as an attempt to foster growth of several Thai industries such as brewing and the manufacture of footwear and fibres. No special tariff consideration has been given the import of capital goods and equipment. In general, import duties are considered fairly moderate, and no preferential treatment is accorded goods of any country, all imports, regardless of origin, being subject to the general rates.

Effective February 1949, the export tariff schedule was revised, with all but about 23 items being removed from the export dutiable list. No changes were made in duties, or royalties, applicable to rice, rubber, tin, teak, and precious and semi-precious stones, which products account for more than 90 percent of the total export trade by value. Heretofore, all Thai products had been subject to export duties, or, as in the case of tin ore, royalties.

Trade Marks:—Trade marks are protected in Thailand under the provisions of the Trade Mark Act B.E. 2474 as amended. This act became effective October 1, 1931. Trade marks which are intended to identify the origin or ownership, whether such ownership is in the names of individuals, partnerships, or corporations, may be registered in the names of such individuals or juristic persons in accordance with the provisions of this law. Permission is refused trade marks which consist of or simulate the royal coat of arms or insignia or the Red Cross; those which are repugnant to public order or morals; those which consist of a medal or certificate of a medal or award or represent any other person without consent of such person, or authority for use of such medal or award; or those which are similar or identical with previously registered marks of the same class of goods.

Trade marks may be registered for goods encompassed in an entire class or category in accordance with the provisions of the trade mark law, or for a particular kind of product. Where goods on which the trade mark is to be used fall in more than one class, separate applications for registration

must be filed for each class. Applications must be filed by the proprietor of the trade mark or by one who has authority to apply for registration; such authority will be recognized only when a power of attorney has been duly authorized. A representative or agent with residence in Thailand must be indicated in the application for registration.

Where applications for registration have been filed by two or more parties, and a conflict of interest arises from the possibility of confusion between the products identified by the respective trade marks, such conflict must be arbitrated and/or settled by the parties at interest or the court within 3 months from the date of notice regarding the disagreement from the Registrar of Trade-Marks.

Registration will be considered prima facie evidence of ownership and such registration will be granted for a period of 10 years. This period may be renewed upon application.

Copyright:—The law protecting literary and artistic works was decreed June 16, 1931. The author of any literary or artistic work is entitled to copyright, if: (1) In the case of a published work, the work was first published in Thailand; and (2) in the case of an unpublished work, the author was at the date of the creation of the work a Thai subject or resident of Thailand.

Literary and artistic works entitled to copyright under the laws of Thailand are protected up to 30 years after the death of the artist.

The authors of literary, scientific, or artistic works have the exclusive right of authorizing the reproduction, adaptation, and public presentation of their works in motion pictures.

Controls Over Capital and Dividends:—There is no stock market in Thailand. Corporate financing generally is conducted on a personal basis. Under the civil law, subscribers become liable for the face value of their shares regardless of the amount actually paid in. The Government does not exercise controls over dividend payments, which are made at the discretion of the company.

Availability of Water, Electric Power, and Transportation:—Water and electric power are in short supply throughout the country, and it is doubtful that a large industrial consumer could be served from existing utilities. Construction of an important industry would probably require the subsidiary development of power facilities.

Public health considerations prevent the establishment of noxious factories in residential districts. Sufficient land is available in rural areas, but lack of roads, water, and electricity at these sites presents a serious drawback.

TREND TOWARD NATIONALIZATION IN THAILAND

There are many Government-owned industries and services in Thailand, some operated as monopolies and some in competition with private business. Railways and the telecommunication systems have been Government-owned for years, and most of the coastal and limited foreign shipping under the Thai

flag is carried on by the Government. A Government-owned company dominates internal aviation. The import and manufacture of tobacco are under control of the Tobacco Monopoly of the Excise Department. On January 1, 1950, the Government acquired the electric company, before owned chiefly by foreign interests, which include among its assets the Bangkok city tramway system and the city's main power plant.

Of the teak area now under exploitation, more than a third is being worked by a Government-owned company and the remaining two-thirds by private lessees, largely foreign. It has been reported, however, that present leases to private firms will be cancelled as they expire, and that teak exploitation will be gradually assumed by the Thai Government.

There has been recent expansion of Government participation in foreign trade and in local retail and wholesale business. The Government Purchasing Bureau is a wholesaler of consumer and capital goods, distributed through Government-sponsored provincial companies with the object of reducing living costs. A wide range of business activities, particularly in Bangkok, have been reserved for the semiofficial War Veterans Organization. The Ministry of Industries operates cement,

paper, textile, leather, liquor, sugar, and other factories. Some rice-milling and saw-milling operations are likewise carried out under Government control.

LABOUR

Relations between capital and labour in Thailand are still legally undefined, apart from general provisions in the Civil and Commercial Code covering employer and employee, and the Factories Act of 1939, which specifies certain working conditions, including sanitary and safety regulations. These, however, are largely unenforced.

In 1938 and again in 1947, fairly comprehensive labour bills were overwhelmingly defeated in the Assembly, but it has been reported that the Ministry of Health is preparing another labour bill for consideration by the new Parliament.

It is customary for private firms to approximate Government office hours, which are from 9 to 12 and 1 to 4 from Monday through Friday, and from 9 to 12 on Saturday. In manufacturing, a 48-hour week is commonly observed.

Wages and such benefits as overtime and severance pay appear to depend upon the contract of employment between management and labour in the absence of wage legislation. Unskilled labour is generally hired by the day.

No social insurance of any kind was provided for employees engaged in private industry before World War II, and no information is available regarding possible enactment of such legislation subsequently. Liability and workmen's compensation insurance are not required. A paternalistic attitude of employers towards permanent employees is customary.

Consideration of labour problems is particularly hampered by the absence of a Government agency specifically created and authorized to deal with labour. Labour matters are usually handled by the Labour Bureau of the Department of Public Welfare in the Ministry of Health; however, individual labour problems may also be dealt with by the Ministry of Interior (i.e., the police), influential members of Parliament, or even high ranking officers of the armed services.

During 1946 and 1947 there were 173 strikes in Thailand, 28 being of major importance, affecting longshoremen and workers in oil refineries, rice mills, sawmills, and cement, sugar, and tobacco factories. In 1948 there were minor strikes among rice mill and sawmill workers, lighterage workers, and employees of the Thai Electric Company. Records show a total of 10 fairly important labour disputes from January 1 to June 30, 1949.

FINANCIAL & COMMERCIAL STATISTICS OF THAILAND

BANK OF THAILAND'S RETURNS

A. Issue Department

(Baht thousands)

Last week of month ending Thursday		NOTES ISSUED			RESERVES		
		In Circulation	In Banking Dept.	Government Securities	Other Securities	Foreign Exchange	Gold *
1946	December	2,121,411	83,733	933,528	147,443	352,343	771,739
1947	December	2,053,551	120,361	775,745	148,133	427,313	768,368
1948	December	2,369,992	13,071	830,098	147,486	710,769	769,064
1949	December	2,554,257	42,914	370,780	128,625	871,044	1,226,722

* Including gold blocked in Japan except the figure for December 1949.

B. Banking Department

(Baht thousands)

Last week of month ending Thursday		LIABILITIES			ASSETS				
		Government	Deposits Bankers	Others	Advance and Discounts	Balance at Provincial Treasuries	Balance at Bankers	Government Securities	Other Securities
1946	December	108,681	365,435	41,282	211,669	14,742	262,034	3,631	—
1947	December	244,120	248,467	75,189	309,752	25,662	179,974	3,397	—
1948	December	391,917	226,540	265,741	761,850	33,344	127,080	17,784	—
1949	December	394,214	268,766	605,508	753,747	35,494	400,626	142,127	—

OTHER BANKS

1. Commercial Banks

Main Assets and Liabilities

(Baht thousands)

End of month		LIABILITIES		ASSETS			
		(a) Total Deposits	Cash Reserve	Loans Advances & Discounts	Government & Bonds (Internal)	Treasury Bills	Cash Ratio
1946	Dec.	801,404	458,757	153,348	41,019	119,809	58.74
1947	Dec.	751,939	301,622	273,744	101,506	61,206	49.11
1948	Dec.	762,792	337,545	413,959	104,688	44,907	44.25
1949	Dec.	830,597	326,496	546,912	99,098	19,960	39.31

(a) Total deposits including balances due to other banks but excluding foreign currency deposits.

(b) Discounts excluding Treasury Bills.

Month	Thailand	United Kingdom	United States
1938	100	100	100
1945 December ..	—	168	135
1946 December ..	—	173	154
1947 December ..	1689	201	208
1948 December ..	1616	218	209
1948 December ..	1488	238	193

Thailand's Foreign Trade

A. Port of Bangkok

(Baht thousands)

	1948		1949	
	Jan.-Aug.	Aug.	Jan.-Aug.	Aug.
Imports	1,000,620	157,028	1,449,951	166,073
Exports	1,129,539	137,074	1,523,727	128,630

B. Total for the whole Kingdom

(Baht thousands)

	1948		1949	
	Jan.-Aug.	Aug.	Jan.-Aug.	Aug.
Imports	1,000,620	157,028	1,449,951	166,073
Exports	1,129,539	137,074	1,523,727	128,630

IMPORTS

	1948		1949	
	Jan.-Aug.	Aug.	Jan.-Aug.	Aug.
Port of Bangkok	157,028	166,073	1,000,620	1,449,951
Provincial Ports	10,872	11,016	88,105	100,200
Total	167,900	177,089	1,088,725	1,550,151

EXPORTS

	1948		1949	
	Jan.-Aug.	Aug.	Jan.-Aug.	Aug.
Port of Bangkok	137,074	128,630	1,129,539	1,523,727
Provincial Ports	33,125	67,216	396,903	396,903
Total	170,199	195,846	1,526,442	1,920,630

Principal Exports

A. Rice Exports

(In Metric Tons)

Recipient	1945-1948 (Oct. 1945- Dec. 1948)	1949 Jan.-Dec.	Total
1. Br. Empire, Br. Mandated Territories & Protectorated States			
Malaya	391,820.4	260,668.9	652,489.3
Hongkong	188,628.4	53,585	242,213.4
N. Borneo)	10,247		
Sarawak)	59,389.6	14,561	84,197.6
*Alfsea	2,600	—	2,600
Ceylon	10,500	87,005.6	97,505.6
India	223,295.6	313,734	537,029.6
U. K.	4,500	26,100	30,600
2. Elre	500	2,891	3,391
3. Indonesia (N. R.)	192,055.9	134,650.2	326,706.1
4. Holland	6,499.4	23,399.7	29,899.1
5. F.W. Africa	3,677.6	—	3,677.6
6. Switzerland	1,500	1,345	2,845
7. Czecho- slovakia	1,299.4	700	1,999.4
8. China	313,627.5	78,388.5	392,016.0
9. Philippines	137,221.8	37,851	175,072.8
10. Korea	43,967.5	—	43,967.5
11. UNRRA	147,338.2	—	147,338.2
12. Indonesia Republic	—	1,000	1,000
13. Norway	—	4,630	4,630
14. Japan (Glutinous)	—	49,779.9	49,779.9
15. Sweden	—	7,978.5	7,978.5
16. UNICEF	—	1,249.9	1,249.9
17. Infested & C. grade rice	—	62,799.6	62,799.6
18. Others	—	43,288.1	43,288.1
	1,728,421.3	1,215,852.9	2,944,274.2

* Allied Land Forces South East Asia.

B. Tin Exports

(Kilogrammes)

	1948	1949
	Jan.-Dec. 10,123,806	Dec. 290,051
	Jan.-Dec. 10,118,955	Dec. 1,237,644

Trade by Countries

Total for the Whole Kingdom

(In Baht)

Name of Countries	IMPORTS Jan.-Oct.	EXPORTS Jan.-Oct.	BALANCE Jan.-Oct.
Australia	8,538,741	543,493	- 7,995,248
Belgium	6,179,569	3,284,066	- 2,895,503
Br. Emp.	7,159,689	60,925,645	* 53,765,956
Canada	1,684,211	427,037	- 1,257,174
China	99,386,053	181,918,446	* 82,532,393
Denmark	14,510,675	2,554,700	- 11,955,975
France	4,875,412	784,046	- 4,091,366
Gt. Britain	93,238,943	45,977,149	- 47,261,794
Germany	1,418,566	2,645,028	* 1,226,463
Hongkong	362,024,909	168,655,297	- 193,369,612
India	325,280,791	163,762,076	* 161,518,715
Italy	7,036,470	3,388,678	- 3,647,792
Japan	24,297,026	4,439,187	- 19,857,839
Malaya	15,291,206	62,146,496	* 46,855,290
Norway	3,679,930	1,364,943	- 2,314,987
Penang	61,185,965	79,078,092	* 17,892,127
Portugal	109,045	9	- 109,036
Philippines	8,809,667	64,455,727	* 55,646,060
Singapore	396,645,873	227,374,044	- 169,271,829
Spain	37,295	762	- 36,533
Switzerland	27,191,688	22,528,173	- 4,663,515
Sweden	4,692,983	6,622,020	* 1,929,037
U.S.A. & Depends.	113,805,375	382,060,676	* 268,255,301
Other Countries	64,355,437	112,863,438	* 48,508,001
Total	1,358,235,519	1,597,799,229	239,563,710

* Favourable balance.

C. Rubber Exports

(Kilogrammes)

Year Month		Port of Bangkok To Sterling Group	Port of Bangkok To U.S.\$ Group	Provincial Ports To Sterling Group	Provincial Ports To U.S.\$ Group	Total To Sterling Group	Total To U.S.\$ Group	Grand Total
1948	November	—	2,453,612	3,759,806	230,858	3,759,806	2,684,470	6,444,276
	December	—	3,100,785	4,986,869	812,211	4,986,869	4,012,998	8,999,865
1949	January	—	2,351,056	5,664,953	314,912	5,664,953	2,665,968	8,330,921
	February	—	2,334,731	3,559,801	177,925	3,559,801	2,512,656	6,072,457
	March	—	3,599,126	6,330,205	350,284	6,330,205	3,949,410	10,279,615
	April	101,600	1,432,663	6,903,829	518,215	7,005,429	1,950,878	8,956,307
	May	101,600	2,239,374	6,096,952	975,374	6,198,552	3,214,748	9,413,300
	June	—	1,025,823	3,531,661	462,302	3,531,661	1,488,125	5,019,786
	July	—	—	5,592,204	468,267	5,592,204	468,267	6,060,471
	August	—	1,303,726	5,782,778	884,244	5,782,778	2,187,970	7,970,748
	September	50,875	562,944	9,573,528	446,825	9,624,403	1,009,869	10,634,272
	October	—	604,168	5,717,132	557,161	5,717,128	1,161,329	6,878,457
	November	—	761,685	5,201,700	1,001,072	5,201,700	1,762,757	6,964,457
	December	—	933,340	503,006	6,704,280	503,006	7,637,620	8,140,626